

Southeast Redmond Manufacturing and Industrial Center (SE-MIC)

# Existing Conditions and Market Drivers

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# Executive Summary

This report provides a comprehensive analysis of the existing conditions and market drivers for the Southeast Redmond Manufacturing and Industrial Center (SE-MIC) in support of the City of Redmond's application for a Countywide Industrial Center designation with King County. The designation aims to preserve the area for manufacturing, industrial, and warehousing uses; protect small, legacy businesses; and increase the City's ability to secure external funding for the area.

## *Study Area Overview and Planning Commitment*

The SE-MIC is a 375-acre area in Southeast Redmond, primarily zoned for Industrial (I) and Manufacturing Park (MP) uses. This area is a local priority for growth and investment within the Redmond 2050 Comprehensive Plan, which formally recognizes the center and commits to protecting its industrial zoning from encroachment. The Comprehensive Plan has set a growth target of 2,600 new jobs for the SE-MIC by 2050. The City is committed to making targeted infrastructure investments and focusing on living-wage jobs and economic diversity to complement its high-tech economy.

## *Employment and Business Activity*

In 2023, the SE-MIC had a total employment of 5,550 jobs, accounting for 5% of the City's total employment. While the center experienced strong job growth from 2014 to 2019, it saw a decline from 2019 to 2023, likely due to the economic impacts of the COVID-19 pandemic.

The Wholesale, Transportation & Utilities (WTU) and Manufacturing sectors collectively account for 63% of the center's total employment, highlighting its industrial focus. A significant shift has occurred in the last decade, with a notable decline of 1,090 manufacturing jobs being offset by growth in the WTU and Retail sectors.

Industrial employment, defined broadly to include activities that benefit from being on industrial land, constitutes 73% of all jobs in the SE-MIC. This share decreased from 87% in 2014, primarily due to the reduction in manufacturing jobs. Businesses in the SE-MIC range from traditional heavy industries like concrete and asphalt to modern technology-driven manufacturing, aerospace, and e-commerce logistics, with major employers including Safran Aerospace, Costco, Bio-Rad Laboratories, and UPS.

The workforce in the SE-MIC is highly regional, with only 6% of workers living in Redmond. Nearly half of the workers (51%) live elsewhere in King County, with significant numbers also commuting from Snohomish (21%) and Pierce (7%) counties.

## *Development Capacity and Infrastructure*

The SE-MIC is predominantly zoned for core industrial uses, with 96% of its land area dedicated to Manufacturing Park and Industrial zones. The current land use shows that 70% of the acreage is used for industrial purposes, while commercial, government, and vacant lands account for the rest. A land capacity analysis indicates that the center 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 in the SE-MIC to Industrial pending the completion of the Evans Creek relocation project, as discussed in the Zoning section of this report.

In terms of infrastructure, the SE-MIC is well served by a freight route system, with NE Union Hill Rd providing a direct connection to SR 520, which is considered a key strength by stakeholders. However, stakeholders noted traffic bottlenecks at peak hours and that freight mobility is limited for large-scale industrial purposes that require access to Interstate 5 or Interstate 90. The area has bus service, with a few stops within the center itself, but stakeholders noted a need for better last-mile connections from the nearby light rail station. Utility-wise, the area is suitable for typical industrial power needs, but any data center-level loads would require significant upgrades not currently scheduled by Puget Sound Energy (PSE). The broadband infrastructure is generally robust, though a few locations remain underserved or unserved.

### *Real Estate Market Trends*

The industrial and flex real estate markets in Redmond have remained largely stagnant over the past decade. The industrial inventory of approximately 4.3 million square feet has seen a negligible decline, in contrast to a significant decrease in Bellevue and growth in Woodinville. Industrial rents have shown a steady increase since 2016, reaching \$17.9 per square foot in 2025, but the vacancy rate has been volatile, currently at 3.7%.

For flex space, Redmond holds the highest inventory on the Eastside at 3.9 million square feet, but this, too, has been flat for the last ten years. The flex market is experiencing a notable slowdown, with rents declining from a high of \$23.8 in 2021 to \$22.2 per square foot in 2025 and a high vacancy rate of 10.2% - well above its historical average.

### *SE-MIC Challenges and Opportunities*

The market analysis, interviews, and focus groups with stakeholders identified several key themes for SE-MIC strengths, challenges and opportunities. The primary strengths of the SE-MIC are its existing ecosystem of light industrial, technology, and space development, access to a skilled talent pool, and proximity to SR 520 and the new light rail station.

The SE-MIC faces several challenges:

- Soaring costs. The growth of tech, e-commerce, and other high-demand industries has driven up the price of industrial land and rent in Redmond and the region. Rent and land costs make it difficult for small and mid-sized businesses to compete for space with large tech tenants. This creates an affordability issue for small industrial firms, with many at risk of being "priced out of the city".
- Displacement pressure. Growth and redevelopment into non-industrial uses in Redmond reduces the overall inventory of industrial space, which is critical to many small businesses, leading to displacement. The high cost of living (i.e., housing) also makes it challenging for industrial and manufacturing workers to live near their jobs.
- Larger spaces favored. The financing models for new real estate development often favor large, national companies that can lease big spaces. This leaves smaller businesses, which need less square footage, with few suitable options.

The following types of industries and businesses present opportunities for the SE-MIC: high-value, technology-driven industries such as advanced manufacturing, space, and clean technology (clean tech); e-commerce and distribution businesses focused on last-mile distribution; and small-scale and legacy businesses at risk of displacement.

# Contents

- Introduction ..... 6**
  - Background and Purpose ..... 6
  - Report Organization ..... 6
- Study Area Overview ..... 8**
  - Location and Geographic Boundaries ..... 8
  - Planning and Local Commitment ..... 8
  - Planned Growth Targets ..... 10
- Employment and Business Activity ..... 11**
  - Total Employment ..... 11
  - Employment by Industry ..... 12
  - Type of Businesses in the SE-MIC ..... 17
  - Travel to Work Trends ..... 18
- Development Capacity and Infrastructure Evaluation ..... 20**
  - Zoning and Land Use ..... 20
  - Infrastructure Capacity and Deficiencies ..... 26
  - Development Capacity ..... 45
- Real Estate Market Conditions and Trends ..... 49**
  - Market Trends ..... 51
  - Demand Drivers and Market Dynamics ..... 60
- Stakeholder Engagement Findings ..... 62**
  - Engagement Approach ..... 62
  - Engagement Findings ..... 62
- Appendix I. King County Centers Designation Framework Countywide Industrial Centers Eligibility and Criteria ..... 66**
- Appendix II. Industrial Activities Definition ..... 68**
- Appendix III. Engagement Approach and List of Engaged Stakeholders ..... 69**

# Introduction

## Background and Purpose

Centers are the hallmark of Puget Sound Regional Council's (PSRC) VISION 2050 and the Regional Growth Strategy. VISION 2050 directs 65% of population growth and 75% of employment growth to the region's growth centers and high-capacity transit station areas. Consistent with this regional policy, the PSRC regional planning framework includes three levels of growth centers that serve to guide regional growth allocations, advance local planning, inform transit service planning, and represent priority areas for transportation funding.<sup>1</sup> These three levels of growth centers are: Regional Growth Centers, Countywide Centers, and Local Centers.

While Regional Growth Centers are designated by PSRC, countywide centers are established as part of the King County Countywide Planning Policies (CPPs) and include countywide growth centers and countywide industrial centers. Countywide industrial centers support equitable access to living wage jobs and play a key role in King County's manufacturing and industrial economy. They are also important job centers for local populations and contribute to local economies and the local tax base. The King County CPPs establish a Designation Framework for Countywide Industrial Centers and outline designation processes and timelines, minimum existing and planned density thresholds, center eligibility and criteria (outlined in [Appendix A](#)), and planning expectations.

The City of Redmond is pursuing a Countywide Industrial Center designation for the Southeast Redmond Manufacturing and Industrial Center with King County later in 2025. The designation would have several benefits as identified by the City:

- Signal to the market that this area is explicitly for manufacturing, industrial, warehousing, and other compatible uses while simultaneously encouraging reinvestment in the area.
- Preserve small, legacy businesses and living wage jobs, which are important for equity and inclusion and maintain a diverse economic base that is essential for long-term sustainability and resiliency.
- Increase the likelihood of external funding and the City's ability to provide additional programmatic assistance to industries in this area as needed to stay and thrive in Redmond.
- Support regional policies to protect industrial zoning from encroachment given the limited supply of industrial land in the Puget Sound region, particularly shovel-ready sites.

This market study supports a Countywide Industrial Center application by providing data and analysis on existing employment and real estate market conditions, land use and zoning, property characteristics, infrastructure availability and limitations, and development capacity for the SE-MIC.

## Report Organization

This report is organized into the following sections:

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<sup>1</sup> *Regional Centers Framework Update*, Puget Sound Regional Council, March 2018.

- **Study Area Overview.** An overview of the study area for this study, including location and geographic boundaries, city planning for this area, and planned growth targets.
- **Employment and Business Activity.** An analysis of total employment, employment by industry, industrial employment, type of businesses, and travel to work trends in the SE-MIC.
- **Development Capacity and Infrastructure Evaluation.** Information on property characteristics such as land use, zoning, building size, and infrastructure availability and limitations in the SE-MIC. Summary of land capacity for employment in the center.
- **Real Estate Market Conditions and Trends.** Findings from analysis of real estate market trends for industrial and flex land uses for Redmond and neighboring and competitive market areas and information on demand drivers and broader market trends.
- **Engagement Findings.** A summary of key themes heard during stakeholder interviews and focus groups to supplement study findings and provide grounded experience.

# Study Area Overview

Redmond's manufacturing and industrial land uses and jobs are mostly concentrated in Southeast Redmond. Redmond 2050, the City of Redmond's Comprehensive Plan<sup>2</sup>, recognizes a portion of Southeast Redmond properties zoned for industry and manufacturing as an industrial center referred to as the Southeast Redmond Manufacturing and Industrial Center (SE-MIC). This study evaluates trends and data for the SE-MIC.

## Location and Geographic Boundaries

Existing zoning has been the foundation for defining the geographic boundaries of the Manufacturing and Industrial Center. Specifically, the SE-MIC largely corresponds to areas that are zoned as Manufacturing Park (MP) and Industrial (I).

The geographic boundaries of this area as identified in Redmond 2050 are shown in Exhibit 1. The center is generally bounded by 178th Place NE and Cedar Lawns Memorial Park to the west, NE 65th Street to the south, 188th Avenue NE and the Redmond city limit to the east, and NE Union Hill Road, Bear Creek and Evans Creek to the north.

## Planning and Local Commitment

Redmond is committed to making the SE-MIC a local priority for growth and investment as evidenced by the following:

- **Formal recognition in the City's Comprehensive Plan**

The SE-MIC is not an isolated initiative; it's deeply woven into the fabric of the Redmond 2050 Comprehensive Plan. This integration ensures that land use, economic development, environmental protection, and infrastructure planning are all coordinated to support the center's long-term viability and success.

- **Protection of industrial zoning from encroachment**

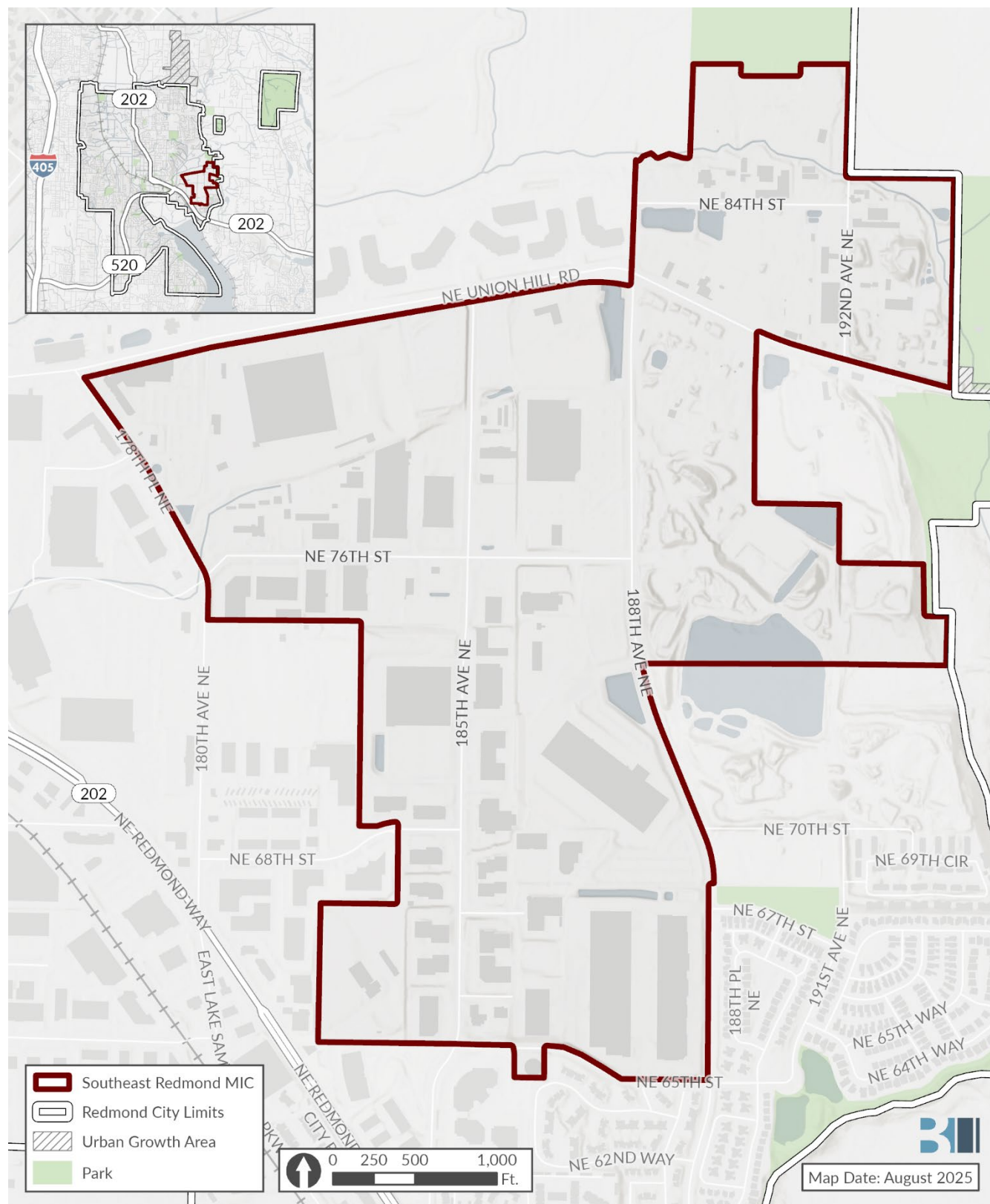
Redmond's Manufacturing Park and Industrial zones are facing increasing pressure to redevelop as Redmond grows. During the Redmond 2050 engagement process, the community expressed a desire to protect manufacturing land and jobs, with an increasing focus on supporting growth in green businesses and light industrial uses, and high value-added industries like advanced manufacturing, while limiting uses that would endanger the critical aquifer recharge area (CARA).

The Community Development and Design Element of the Comprehensive Plan establishes policies to "protect light industrial, and manufacturing uses in Southeast Redmond" and mitigate the impact of these uses on critical areas. One of these policies is achieving recognition of SE-MIC as a Countywide Industrial Center.

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<sup>2</sup> Adopted by the City Council on Number 19, 2024, by Ordinance 3181 and revised by Ordinance 3181.

### Exhibit 1. Southeast Redmond Manufacturing and Industrial Center Boundaries



Sources: City of Redmond, 2025; BERK, 2025.

The City’s Comprehensive Plan explicitly states that the City will “apply to have a portion of the Southeast Redmond manufacturing and industrial area designated a countywide industrial growth center at the conclusion of Redmond 2050”. This indicates a clear intent to formally establish and protect this area as a vital industrial hub and keep it from being redeveloped into other uses.

■ Planning for targeted infrastructure investment

The Community Development and Design Element of the Comprehensive Plan establishes policies aimed at maintaining and expanding infrastructure to serve the SE-MIC, including:

- Provide nonmotorized connections to the Bear-Evans Creek Trail system and multimodal routes to the north and west.
- Create safe, comfortable, and efficient transportation for all users (including nonmotorized and heavy vehicles for industrial uses) by planning for and designing the 192<sup>nd</sup> Avenue NE corridor between NE 68<sup>th</sup> Street and Union Hill Road.

■ Focus on living wage jobs and economic diversity

The Redmond 2050 plan and the Redmond Economic Development Strategic Plan highlight the importance of a diverse economy and the role of the SE-MIC in providing living-wage jobs. This recognizes that a strong industrial sector complements Redmond's high-tech dominance, contributing to overall economic resilience.

# Planned Growth Targets

In line with VISION 2050 Regional Growth Strategy and King County CPPs framework for countywide growth centers, Redmond accommodates growth primarily through compact development within its designated centers. Redmond’s Comprehensive Plan establishes an employment growth target of 2,600 jobs to 2050 for the SE-MIC. This represents 9% of the citywide target of 29,760 jobs.

**Exhibit 2. 2019-2050 Growth Targets for Redmond Centers**

| Center                                     | Jobs   | % of Citywide Total |
|--------------------------------------------|--------|---------------------|
| Overlake Metro Center                      | 13,770 | 46%                 |
| Downtown Urban Center                      | 5,410  | 18%                 |
| Marymoor Countywide Growth Center          | 1,550  | 5%                  |
| Southeast Redmond Industrial Growth Center | 2,600  | 9%                  |
| Center Subtotal                            | 23,330 | 78%                 |
| Corridors and Elsewhere                    | 6,430  | 22%                 |
| Citywide Total                             | 29,760 |                     |

Sources: Redmond 2050, 2024; BERK, 2025.

# Employment and Business Activity

This section of the report summarizes historic trends in total employment and employment by industry for the SE-MIC to understand how the area has grown and changed, describes what businesses are currently located in the area, and how this compares to the citywide and King County regional mix.

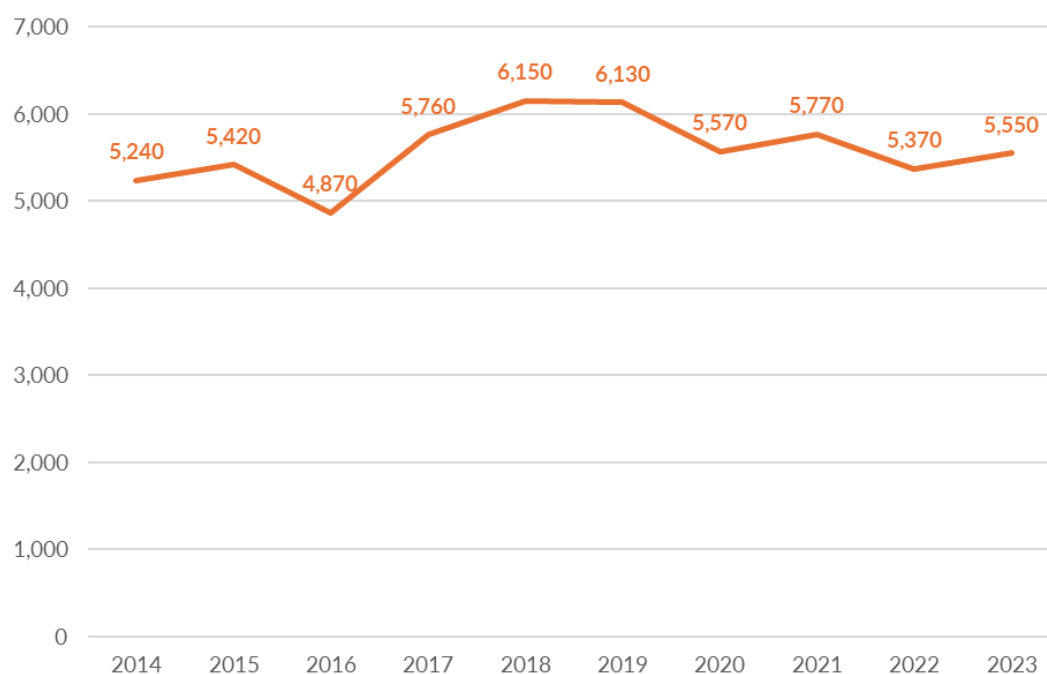
Employment data used in this study was provided by PSRC. The estimates were obtained through a custom data request for the SE-MIC and from the publicly accessible PSRC data portal for the City and King County. The estimates represent total employment (unless specified otherwise), which includes covered employment under the state's Unemployment Insurance Program, as well as self-employed workers.

## Total Employment

At 5,550 jobs, the SE-MIC accounts for 5% of total citywide employment. The center demonstrated strong employment growth in the pre-pandemic years (2014-2019), even outpacing Redmond's overall job growth and King County's. However, it experienced a contraction in the more recent period (2019-2023), resulting in a lower decade-long growth rate compared to the City and County.

According to data from PSRC, in 2023, the SE-MIC had a total employment of 5,550 jobs, only 310 more jobs than in 2014 (Exhibit 3). The center's employment accounts for 5.1% of total employment in Redmond. Over the past decade, employment in the SE-MIC reached a high of 6,150 jobs in 2018 but then declined to 5,570 in 2020, likely reflecting the economic impacts of the COVID-19 pandemic. Employment has since remained below pre-pandemic levels.

**Exhibit 3. Total Employment in the SE-MIC, 2014-2023**



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

The SE-MIC experienced robust growth during the pre-pandemic period from 2014 to 2019, with a Compound Annual Growth Rate (CAGR) of 3.2%, outpacing both the City and County growth of 2.5% and 3.1% respectively (Exhibit 4). This indicates a strong period of job expansion in the industrial center. However, the SE-MIC was more acutely affected by the economic disruptions of the pandemic compared to the broader city and county. The SE-MIC saw a decline in employment between 2019 and 2023, with a negative CAGR of -2.5%. In contrast, both Redmond (0.8%) and King County (0.7%) managed to achieve positive, albeit slower, employment growth during these years.

**Exhibit 4. Total Employment Compound Annual Growth Rate (CAGR)**

| Period    | SE-MIC | City of Redmond | King County |
|-----------|--------|-----------------|-------------|
| 2014-2019 | 3.2%   | 2.5%            | 3.1%        |
| 2019-2023 | -2.5%  | 0.8%            | 0.7%        |
| 2014-2023 | 0.6%   | 1.7%            | 2.0%        |

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

## Employment by Industry

The employment by industry analysis uses data from PSRC by major sectors which are aggregations of 2-digit North American Industry Classification System (NAICS) used to group establishments into industries based on the activity in which they are primarily engaged. These sectors are:

- Wholesale, transportation, and utilities (WTU) (which includes utilities; wholesale; transportation and warehousing)
- Manufacturing
- Services (which includes information; professional, scientific and technical services; management of companies and enterprises; administrative and support and waste management and remediation services; private educational services; health care and social assistance; arts, entertainment, and recreation; accommodation and food services; and other services except public administration)
- Retail
- Government
- Construction and resources (which includes agriculture, forestry, fishing and hunting and construction).

Together, the wholesale, transportation & utilities (WTU) and manufacturing sectors account for 63% of total employment in SE-MIC. The data highlights a shift in SE-MIC employment by industry in the past decade, with a notable decline in traditional manufacturing jobs being offset by growth and dominance in the WTU and Retail sectors and some growth in Services.

In 2023, WTU was the largest sector within the SE-MIC with 1,900 jobs, accounting for a significant 40% of Redmond’s jobs in this sector (Exhibit 5). Most of those jobs were in transportation and warehousing. WTU experienced significant growth, adding 710 jobs between 2014 and 2023.

Historically a dominant sector in the center, manufacturing saw a substantial decline of 1,090 jobs between 2014 and 2023. Despite this decrease, it still represented a notable 23% of the citywide manufacturing jobs in 2023. The services sector showed some growth, increasing by 150 jobs to reach 990 in 2023. Most of those jobs are in the professional, scientific, and technical services industry. The contribution of the services sector to the overall Redmond services employment is relatively small at 1%. The center's retail employment makes up 16% of total retail jobs citywide and had the second highest growth of all other sectors in the center since 2014 in absolute terms (550 jobs). Government employment remained relatively stable, with a minor decrease of 10 jobs, and representing 19% of the city's total government jobs. Construction and resources employment was the same with 100 jobs in both years, making up a small 3% of the City's total construction and resources jobs.

#### Exhibit 5. Total Employment by Major Sector, SE-MIC

| Major Sector             | 2014  | 2023  | 2014-2023 Job Change (Absolute) | % of City of Redmond Jobs, 2023 |
|--------------------------|-------|-------|---------------------------------|---------------------------------|
| WTU                      | 1,190 | 1,900 | 710                             | 40%                             |
| Manufacturing            | 2,720 | 1,630 | -1,090                          | 23%                             |
| Services                 | 840   | 990   | 150                             | 1%                              |
| Retail                   | 170   | 720   | 550                             | 16%                             |
| Government               | 220   | 210   | -10                             | 19%                             |
| Construction & Resources | 100   | 100   | 0                               | 3%                              |
| Total                    | 5,240 | 5,550 | 310                             | 5%                              |

Note: Government jobs include workplaces within the NAICS code 92 (Public Administration) and workplaces that have a different NAICS code but are part of public government/publicly owned.

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

The data on the share of total employment by major sectors emphasizes the Southeast Redmond Industrial Center dedicated industrial focus. Together, WTU and manufacturing account for 63% of total employment in the SE-MIC, compared to 11% for Redmond and 15% for King County (Exhibit 6). Retail also holds a significant share of total employment at 13%. The SE-MIC does not have any jobs in public education and finance, insurance and real estate (FIRE).

Between 2014 and 2023, the retail sector has experienced the fastest job growth in the center, at an average rate of 17.4% per year, while retail jobs citywide have declined (Exhibit 7). The next fastest growing industry in the SE-MIC was WTU with 5.3% per year on average, compared to 1.6% for the city and 2.3% for King County. The decline in manufacturing jobs has been consistent across all three geographies over the past decade, with the SE-MIC experiencing the most significant contraction due to its high concentration of manufacturing jobs. The expansion in services employment in the center happened at a slower rate than both the citywide and countywide job expansion of this sector.

### Exhibit 6. Share of Total Employment by Major Sector, 2023

| Major Sector                                | SE-MIC | City of Redmond | King County |
|---------------------------------------------|--------|-----------------|-------------|
| Wholesale, Transportation & Utilities (WTU) | 34%    | 4%              | 9%          |
| Manufacturing                               | 29%    | 7%              | 6%          |
| Services                                    | 18%    | 77%             | 56%         |
| Retail                                      | 13%    | 4%              | 7%          |
| Government                                  | 4%     | 1%              | 7%          |
| Construction & Resources                    | 2%     | 3%              | 5%          |
| Finance, Insurance and Real Estate (FIRE)   | 0%     | 2%              | 5%          |
| Public Education                            | 0%     | 1%              | 5%          |
| Total                                       | 100%   | 100%            | 100%        |

Note: WTU includes NAICS 22 Utilities, NAICS 42 Wholesale, NAICS 48-49 Transportation and Warehousing. Services includes NAICS 51 Information, NAICS 54 Professional, Scientific and Technical Services, NAICS 55 Management of Companies and Enterprises, NAICS 56 Administrative and Support and Waste Management and Remediation Services, NAICS 61 Educational Services (private), NAICS 62 Health Care and Social Assistance, NAICS 71 Arts, Entertainment, and Recreation, NAICS 72 Accommodation and Food Services, and NAICS 81 Other Services (except Public Administration). FIRE includes NAICS 52 Finance and Insurance and NAICS 53 Real Estate and Rental and Leasing.  
Sources: Puget Sound Regional Council, 2023; BERK, 2025.

### Exhibit 7. Total Employment Compound Annual Growth Rate by Major Sector, 2014-2023

| Major Sector                                | SE-MIC | City of Redmond | King County |
|---------------------------------------------|--------|-----------------|-------------|
| Wholesale, Transportation & Utilities (WTU) | 5.3%   | 1.6%            | 2.3%        |
| Manufacturing                               | -5.5%  | -2.8%           | -1.5%       |
| Services                                    | 1.8%   | 2.4%            | 3.3%        |
| Retail                                      | 17.4%  | -0.5%           | -1.7%       |
| Government                                  | -0.5%  | 0%              | 1.1%        |
| Construction & Resources                    | 0%     | 1.7%            | 3.9%        |
| Total Employment                            | 0.6%   | 1.7%            | 2.0%        |

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

## Industrial Employment in the SE-MIC

The industrial employment analysis uses data obtained from PSRC through a custom data request for the SE-MIC for industrial activity.

### *Defining Industrial Activities*

For the purposes of this report, industrial employment is defined as the range of activities that require and/or enjoy benefits associated with industrially zoned lands. Therefore, this includes not only activities that have significant byproducts or externalities and are required by regulation to locate in specifically zoned lands but also activities that may be located on industrial lands due to a need to access physical assets (such as rail spurs), due to spatial needs, or to benefit from being near its suppliers or clients.

The definition is based on PSRC's definition of industrial employment from their 2015 and 2024 Industrial Lands Analysis studies which groups North American Industry Classification Codes (NAICS)<sup>3</sup> into the industry groupings below. *Appendix B* includes the full detailed list of NAICS codes under each industry grouping.

- Construction
- Manufacturing
- Transportation, Distribution, and Logistics (TDL)
- Warehousing & Wholesale
- Information
- Real Estate and Rental and Leasing
- Admin, Support, Waste Management and Utilities
- Special Food Services
- Other Industrial Services.

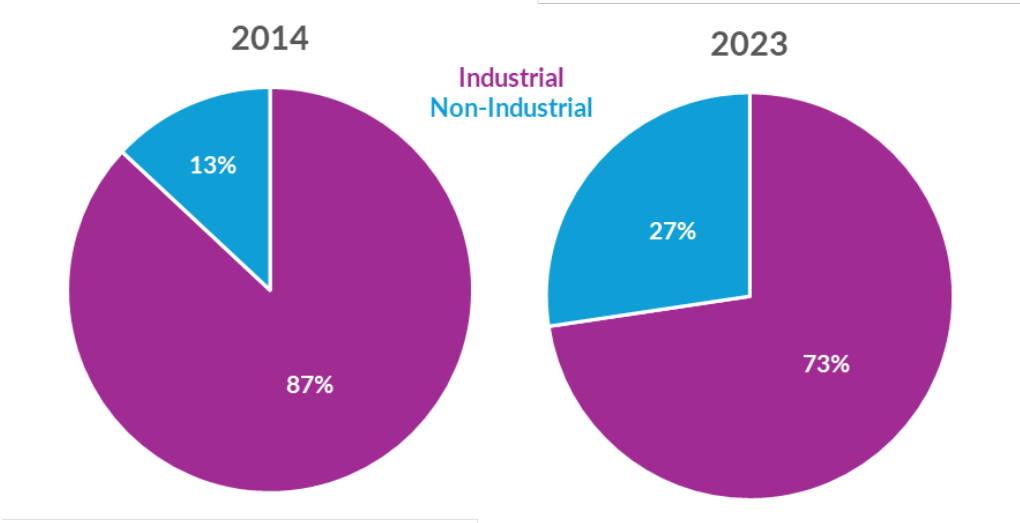
Industrial employment accounts for 73% of all jobs in the SE-MIC and has decreased by more than 500 jobs since 2014.

Utilizing this definition, industrial jobs accounted for 73% of all jobs in the SE-MIC in 2024 as shown in Exhibit 8. The share of industrial jobs has declined from 87% in 2014, mostly driven by the decline in manufacturing jobs.

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<sup>3</sup> NAICS are the standard codes used for categorizing and aggregating economic data.

Exhibit 8. Total Industrial and Non-Industrial Employment Shares, 2014 vs 2023



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

Exhibit 9 shows the breakdown by industry group for industrial and non-industrial employment in the SE-MIC. The employment data for some industry groupings is suppressed by PSRC and therefore not available. This happens in situations involving small geographic areas, industries with few dominant employers, or when a single large employer would make up most of the data for a category to prevent the identification of individual businesses or the “artificial” calculation of other suppressed data. However, most of the industrial jobs in the center are in traditional industrial sectors such as TDL and manufacturing. The suppressed industrial industry groupings (admin, support, waste management & utilities; other industrial services; and information) together make up 270 jobs or 7% of total industrial employment.

Within the non-industrial industry groupings, retail has the most jobs with 48% of total non-industrial employment in 2023, followed by professional, scientific, and technical services with 43%. The growth of non-industrial jobs in the center in the past decade has been driven by these two sectors.

**Exhibit 9. Total Industrial and Non-Industrial Employment by Industry Group, SE-MIC**

| Category                | Industry Group                                   | 2014                | 2023                | 2014-2023<br>Absolute Change |
|-------------------------|--------------------------------------------------|---------------------|---------------------|------------------------------|
| Industrial              | TDL                                              | 1,090               | 1,800               | 710                          |
|                         | Manufacturing                                    | 2,720               | 1,630               | -1,090                       |
|                         | Construction                                     | 130                 | 180                 | 50                           |
|                         | Warehousing & Wholesale                          | 100                 | 170                 | 70                           |
|                         | Admin, support, waste management & utilities     | Suppressed          | Suppressed          | n/a                          |
|                         | Other Industrial Services                        | Suppressed          | Suppressed          | n/a                          |
|                         | Information                                      | Suppressed          | Suppressed          | n/a                          |
|                         | <b><i>Total Industrial Employment</i></b>        | <b><i>4,560</i></b> | <b><i>4,050</i></b> | <b><i>-510</i></b>           |
| Non-Industrial          | Retail                                           | 170                 | 720                 | 550                          |
|                         | Professional, Scientific, and Technical Services | 320                 | 650                 | 330                          |
|                         | Other Services (Except Public Admin)             | 40                  | 40                  | -                            |
|                         | Arts, Entertainment & Recreation                 | 40                  | Suppressed          | n/a                          |
|                         | Government                                       | Suppressed          | 20                  | n/a                          |
|                         | Healthcare                                       | -                   | Suppressed          | n/a                          |
|                         | Education                                        | Suppressed          | Suppressed          | n/a                          |
|                         | Admin, support, waste management                 | Suppressed          | Suppressed          | n/a                          |
|                         | <b><i>Total Non-Industrial Employment</i></b>    | <b><i>680</i></b>   | <b><i>1,500</i></b> | <b><i>840</i></b>            |
| <b>Total Employment</b> |                                                  | <b>5,240</b>        | <b>5,550</b>        | <b>310</b>                   |

Note: The employment estimates for some industries in this table may not match the employment estimates by major sector shown in Exhibit 5. This is because the industrial jobs definition has a narrower definition of government jobs than PSRC uses for their major sectors estimates. In this table, government jobs only include workplaces in NAICS code 92 (public administration industry), and workplaces that have a different industry code but are part of the public government/publicly owned are included under that industry. In other words, the other industry groupings like construction will include some public sector jobs if there are any in that industry in the SE-MIC.

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

## Type of Businesses in the SE-MIC

The history of Southeast Redmond as an industrial center is centered around the Cadman Quarry, which has supplied concrete since 1936 for local needs and major projects like the Microsoft campus and SR 520. While its roots are in traditional heavy industry, the SE-MIC has evolved into a hub for technology-driven manufacturing, including advanced technology research, aerospace, and warehousing. Exhibit 10 includes some examples of the major employers located in the SE-MIC.

## Exhibit 10. Examples of Major Employers in the SE-MIC by Industry, 2025

| Business                     | Industry                                                                |
|------------------------------|-------------------------------------------------------------------------|
| Safran Aerospace             | Manufacturing (Aerospace)                                               |
| Costco Wholesale             | Retail                                                                  |
| Bio-Rad Laboratories         | Manufacturing (Biotechnology)                                           |
| Radiant Vision Systems       | Information (Software Publishers)                                       |
| United States Postal Service | Transportation (Postal Service)                                         |
| City of Redmond              | Government                                                              |
| Cascade Engineering Services | Professional, Scientific, and Technical Services (engineering Services) |
| Heidelberg Materials         | Manufacturing (Concrete)                                                |
| Data I/O Corporation         | Manufacturing (Semiconductor and Related Device)                        |
| Aiphone Corporation          | Wholesale (Other Electronic Parts and Equipment)                        |

Sources: ESRI Business Analyst, 2025; BERK, 2025.

## Travel to Work Trends

Only 6% of the people that work in the SE-MIC live in Redmond (Exhibit 11). Almost half of the workers (51%) live in cities throughout King County, with 12% in Seattle and roughly 20% on the Eastside in Bellevue, Kirkland, Sammamish, Bothell, Issaquah, and Woodinville. Another 21% of SE-MIC workers live in Snohomish County and 7% in Pierce County.

### Exhibit 11. Where SE-MIC Workers Live, 2022

| Jurisdiction      | % of Total Workers |
|-------------------|--------------------|
| King County       | 57%                |
| Seattle           | 12%                |
| Bellevue          | 6%                 |
| Redmond           | 6%                 |
| Kirkland          | 4%                 |
| Sammamish         | 4%                 |
| Renton            | 3%                 |
| Bothell           | 2%                 |
| Other King County | 20%                |
| Snohomish County  | 21%                |
| Pierce County     | 7%                 |
| Thurston County   | 2%                 |
| All Other         | 13%                |
| Total             | 100%               |

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

# Development Capacity and Infrastructure Evaluation

This section describes current zoning and land use, parcel sizes, employment land capacity, and infrastructure capacity and limitations (including utilities, transportation and circulation) in the SE-MIC.

## Zoning and Land Use

### Zoning

Roughly 96% of the total land area in the SE-MIC is currently zoned for core industrial uses.

The SE-MIC is covered by 3 zones: Industrial, Manufacturing Park, Semi-Rural Residential. Both the Industrial and Manufacturing Park zones are designated for core industrial uses. Exhibit 12 shows the total acreage and number of parcels for each zone within the SE-MIC. With 79 acres of the SE-MIC zoned as Industrial and 280 acres zoned as Manufacturing Park, a total of 359 acres of the full 375-acre are designated for core industrial uses.

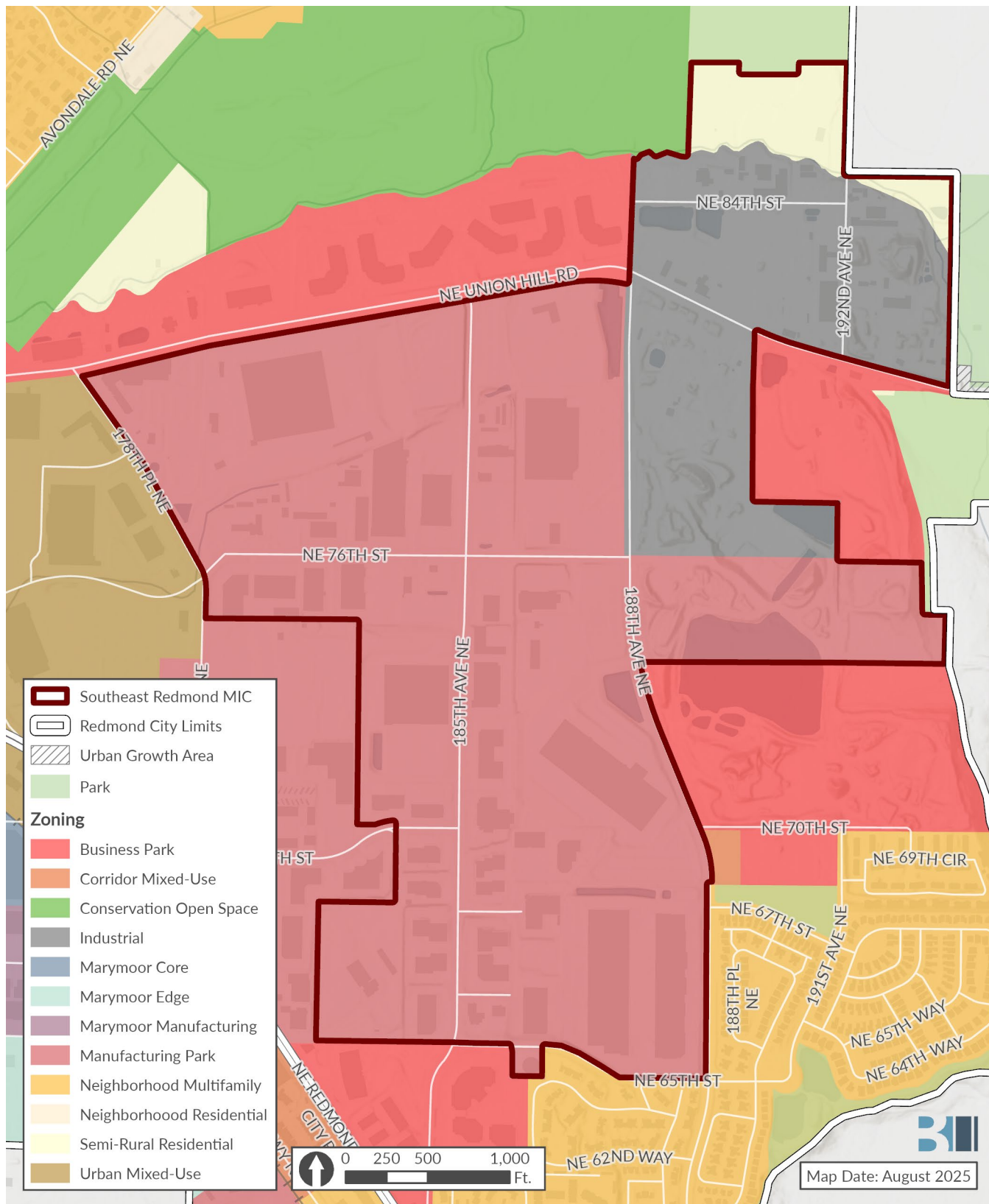
Sixteen acres (five parcels) located to the north of Evans Creek in the northeast corner of the SE-MIC are zoned Semi-Rural Residential (Exhibit 13). To reduce the impact of industrial uses on the city's natural systems, Redmond is relocating a portion of the Evans Creek channel to the north, routing outside of the SE-MIC. Upon completion of this work, the remaining Semi-Rural Residential parcels in the SE-MIC will be rezoned to Industrial.

**Exhibit 12. Zoned Acreage by Category, SE-MIC**

| Zone                          | Total Acreage | Number of Parcels |
|-------------------------------|---------------|-------------------|
| Industrial (I)                | 79 (21%)      | 13                |
| Manufacturing Park (MP)       | 280 (75%)     | 62                |
| Semi-Rural Residential (RA-5) | 16 (4%)       | 5                 |
| Total                         | 375           | 80                |

Note: Total acreage includes right-of-way space; with right-of-way area subtracted, the total acreage of the SE-MIC is 358.  
Sources: City of Redmond, 2025; King County Assessor's Office, 2025; BERK, 2025.

### Exhibit 13. Current Zoning, SE-MIC



Sources: City of Redmond, 2025; BERK, 2025.

## *Land Use*

More than half the parcels in the SE-MIC and 73% of the total acreage (excluding right-of-way) are used for industrial purposes.

The present land use status of parcels is determined by the King County Assessor's Office. The land use categories defined by the Assessor can be vague. For the purposes of this report, present land uses were grouped into generalized categories, including Industrial, Commercial, Residential, Vacant, etc. These generalized land use categories offer a snapshot of the current on-the-ground activity within the SE-MIC. The following present use categories as determined by the King County Assessor were grouped to form the generalized Industrial land use group:

| Industrial Land Use                   | Example companies located on the industrial parcels                   |
|---------------------------------------|-----------------------------------------------------------------------|
| ▪ <i>Mining/Quarry/Ore Processing</i> | Heidelberg Materials                                                  |
| ▪ <i>Mini Warehouse</i>               | StorQuest Self Storage                                                |
| ▪ <i>Industrial (General Purpose)</i> | Genie Industries offices, TransWest, UPS Parking                      |
| ▪ <i>Industrial (Light)</i>           | Element Commercial Steel Doors, Central Welding Supply, Economy Fence |
| ▪ <i>Industrial Park</i>              | Compact Information Systems, Zetron                                   |
| ▪ <i>Warehouse</i>                    | UPS, Keller Supply, FedEx Ground, Genie Industries warehouse campus   |

Exhibit 14 lists the land uses present in the SE-MIC by acreage, number of parcels, and building square feet. While Industrial uses make up most of the use across the SE-MIC (254 acres), there are several other uses present throughout the area. The second most common use is the Commercial group at 41 acres. The Commercial generalized land use category includes High Tech/ High Flex, Auto Showroom and Lot, Retail (Big Box), and Health Club present uses as described by the King County Assessor. The generalized land use categories are mapped in Exhibit 15.

**Exhibit 14. Acres per Generalized Land Use, SE-MIC**

| Generalized Land Use              | Total Acres<br>(% of SE-MIC) | % of Total<br>Acres | Number of<br>Parcels | Total Built<br>SqFt |
|-----------------------------------|------------------------------|---------------------|----------------------|---------------------|
| Industrial                        | 254                          | 71%                 | 43                   | 1,819,724           |
| Mining/ Quarry/ Ore<br>Processing | 75                           | 21%                 | 3                    | 11,872              |
| Mini Warehouse                    | 3                            | 1%                  | 1                    | 98,925              |
| Industrial (Gen Purpose)          | 63                           | 18%                 | 18                   | 338,613             |
| Industrial (Light)                | 11                           | 3%                  | 6                    | 62,583              |
| Industrial Park                   | 18                           | 5%                  | 8                    | 298,394             |
| Warehouse                         | 84                           | 23%                 | 7                    | 1,009,337           |
| Commercial                        | 41                           | 11%                 | 12                   | 651,215             |
| Government/ Utility/ Other        | 53                           | 15%                 | 15                   | 213,699             |
| Vacant                            | 10                           | 3%                  | 10                   | 0                   |
| <b>Total</b>                      | <b>358</b>                   | <b>100%</b>         | <b>80</b>            | <b>2,684,638</b>    |

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

The map displays the Southeast Redmond MIC, outlined in a thick red line. The area is divided into various colored zones representing different land uses. A legend in the bottom left corner identifies these uses: Industrial (grey), Government/Utility/Other (light red), Commercial (light blue), Multi-family Residential (tan), Single-family Residential (yellow), Medical (red), Special Use (green), and Vacant (purple). The map also shows major roads such as NE Union Hill Rd, NE 84th St, NE 76th St, NE 68th St, NE 65th St, NE 70th St, NE 69th Cir, NE 67th St, NE 65th Way, NE 64th Way, NE 62nd Ct, NE 62nd Way, NE 188th Ave, NE 185th Ave, NE 180th Ave, NE 178th Pl, NE 191st Ave, NE 192nd Ave, NE 188th Pl, NE 187th Pl, NE 186th Pl, NE 185th Pl, NE 184th Pl, NE 183rd Pl, NE 182nd Pl, NE 181st Pl, NE 180th Pl, NE 179th Pl, NE 178th Pl, NE 177th Pl, NE 176th Pl, NE 175th Pl, NE 174th Pl, NE 173rd Pl, NE 172nd Pl, NE 171st Pl, NE 170th Pl, NE 169th Pl, NE 168th Pl, NE 167th Pl, NE 166th Pl, NE 165th Pl, NE 164th Pl, NE 163rd Pl, NE 162nd Pl, NE 161st Pl, NE 160th Pl, NE 159th Pl, NE 158th Pl, NE 157th Pl, NE 156th Pl, NE 155th Pl, NE 154th Pl, NE 153rd Pl, NE 152nd Pl, NE 151st Pl, NE 150th Pl, NE 149th Pl, NE 148th Pl, NE 147th Pl, NE 146th Pl, NE 145th Pl, NE 144th Pl, NE 143rd Pl, NE 142nd Pl, NE 141st Pl, NE 140th Pl, NE 139th Pl, NE 138th Pl, NE 137th Pl, NE 136th Pl, NE 135th Pl, NE 134th Pl, NE 133rd 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City of Redmond | Southeast Redmond Existing Conditions and Market Drivers

# Parcel and Building Characteristics

The SE-MIC includes parcels across a large variety of sizes, from smaller lots with high building coverage to sprawling lots with large warehouses or open-air uses. Exhibit 16 lists parcels within the SE-MIC grouped by size. More than half of existing parcels (44) in the SE-MIC are less than two and a half acres, and a quarter (21) are between two and a half and five acres in size. A total of 15 parcels are greater than five acres, with the notable Heidelberg gravel site the largest in the center at over 60 acres.

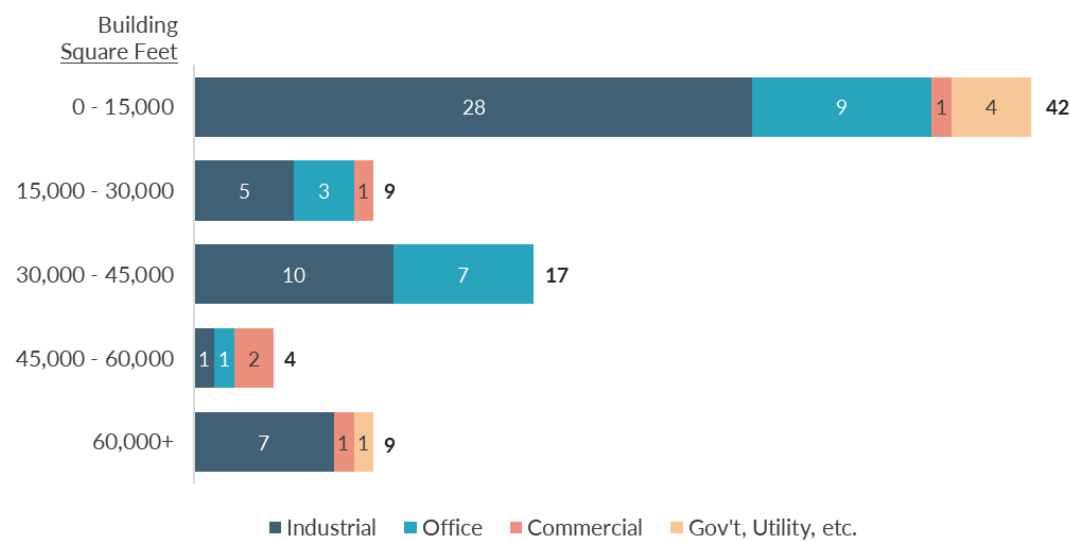
**Exhibit 16. Number of Parcels by Size, SE-MIC**

| Parcel Size Range (acres) | Count of Parcels |
|---------------------------|------------------|
| 0 to 2½ acres             | 44               |
| 2½ to 5 acres             | 21               |
| 5 to 10 acres             | 7                |
| 10 to 20 acres            | 5                |
| 20+ acres                 | 3                |

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

Exhibit 17 illustrates the number of buildings within the SE-MIC by use and size. Most buildings in the SE-MIC (42) are less than 15,000 square feet, made up mostly of industrial uses (28) followed by office use (9). The second most common size group is buildings between 30,000 and 45,000 square feet (17 buildings). Only 9 buildings in the center are over 60,000 square feet, some of them much larger. The largest buildings include the UPS facility at 280,000 square feet, the Genie Industries warehouse #6 (226,000 SF), and the FedEx Ground facility (210,000 SF).

**Exhibit 17. Number of Buildings by Predominant Use and Size in Square Feet, SE-MIC**



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

# Infrastructure Capacity and Deficiencies

This section describes the existing infrastructure serving the SE-MIC and any capacity limitations or other challenges as informed by research and stakeholder interviews.

## Transportation Facilities and Services

### *Roads*

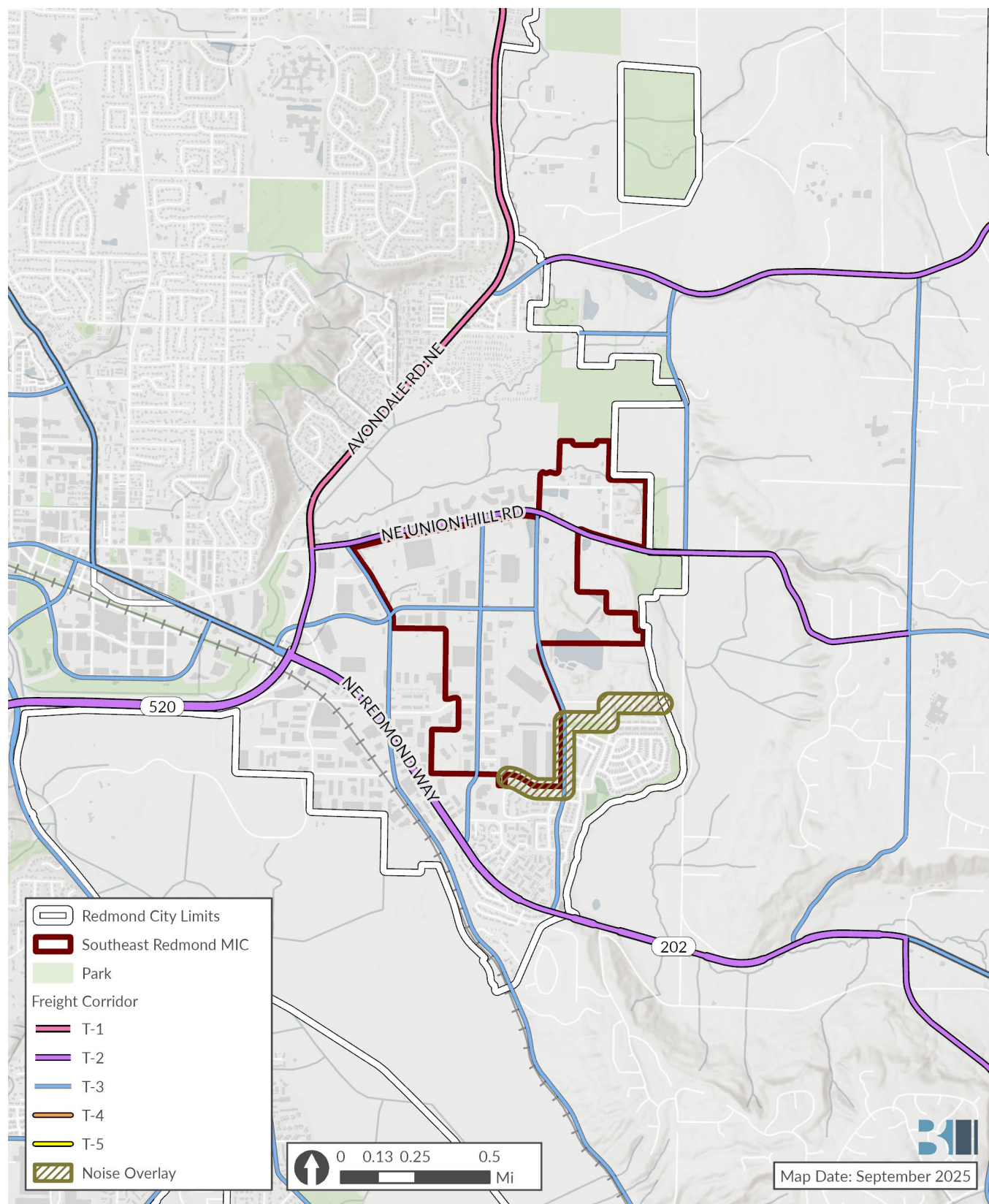
Redmond operates a 39.7-mile, two-tiered freight route system which is based on the Washington State Department of Transportation's Freight and Goods Transportation System (FGTS).<sup>4</sup> As shown in Exhibit 18, the FGTS features a ranking system of truck routes based on volume data and estimated tonnage.

Primary truck corridors or T-1 and T-2 class routes are recognized as having the highest volume and tonnage truck routes in the State, carrying at least four million tons of gross truck tonnage per year. These roads are designed for durability with features like strong pavement to support heavy vehicles. A minimum travel lane width of 11 feet is prioritized along these routes to provide more operating space for larger freight vehicles. NE Union Hill Rd is a primary truck street on the north boundary of the Se-MIC which provides a direct connection to SR 520. Redmond Way is a primary truck route to the south of the center that also connects with SR 520.

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<sup>4</sup> *Freight Plan Chapter (TMP Update)*, City of Redmond, [https://www.redmond.gov/DocumentCenter/View/38278/TMP-Freight-Plan-Chapter\\_Draft\\_V1?bidId=](https://www.redmond.gov/DocumentCenter/View/38278/TMP-Freight-Plan-Chapter_Draft_V1?bidId=), June 2025.

**Exhibit 18. Freight Corridors by Class in the SE-MIC**



Sources: WSDOT, 2024; City of Redmond, 2025; BERK, 2025.

Secondary truck corridors like T-3 class truck routes carry lower truck volumes - between 300,000 to 4 million tons per year and provide more local access to businesses. Several T-3 routes connect the major industrial and commercial area in the Southeast Redmond center with primary truck routes (i.e., NE Union Hill Rd to the north, Redmond Way (SR 202) to the south, and SR 520 to the west.):

- NE 76th Street from SR 520 east to 188th Avenue NE
- 178th Place NE/ 180th Avenue NE from Union Hill Road to Redmond Way
- 185th Avenue NE from Union Hill Road to Redmond Way
- 188th Avenue NE from Union Hill Road to Redmond Way

At the time of this report, the City of Redmond is updating its Transportation Facilities Plan which guides transportation investments that the City expects to deliver by 2050, including improvements to freight mobility and workforce access in Southeast Redmond.<sup>5</sup> This includes the NE 76th Street widening project (from SR 520 to 178th Place) which will add three 12-foot travel lanes, two bike lanes, 6-foot sidewalks, additional crosswalks, and improved transit amenities. There is also one planned intersection improvement project, at 76th Street & 178th Place, which will accommodate WB-67 trucks in all directions, add northbound and southbound turn lanes, complete bike lanes, widen sidewalks to six feet, and improve sight lines.

#### Engagement Findings

- Stakeholders consider access to SR 520 and the other regional freight routes a key strength of the SE-MIC.
- Reported traffic bottlenecks in the center at 180th Avenue NE and Redmond Way right before the SR 520 on-ramp at peak commuting hours are a concern for possible tenants considering their workforce and logistics.
- Stakeholders mentioned freight mobility is sufficient for light industrial uses but limited for large scale industrial or manufacturing purposes without access to I-5 or I-90.

### Transit

King County Metro Transit (Metro) and Sound Transit operate public transit services in Redmond. Bus service in the area includes routes 269, 251, 224, and the frequent ST 545, which connects Downtown Seattle to Redmond (Exhibit 19). While most of these have stops on the immediate perimeter of the SE-MIC, Route 269 includes a few stops that run through the area. The ST-545 is one of the most popular transit routes in the Redmond area, averaging 4,740 weekday daily boardings. Within the SE-MIC area,

<sup>5</sup> 2024-2050 Transportation Facilities Plan (TFP), City of Redmond, <https://www.redmond.gov/DocumentCenter/View/37507/2024-2050-Transportation-Facilities-Plan>, February 2025.

one of Redmond’s busiest transit stops, Bear Creek Park-and-Ride at Access Road & 178th Place NE, averages nearly 400 daily boardings. That bus stop serves routes 250, 269, and 545.<sup>6,7</sup>

Major transit improvements are underway on the Eastside as Sound Transit’s Link Light Rail 2 Line extends across Lake Washington and into downtown Redmond. In anticipation of this, Sound Transit and King County Metro launched East Link Connections, a joint effort to redesign transit service across King County’s Eastside. Implementation of the East Link Connections bus network began in 2025 with changes serving open stations on the Eastside. Final changes will follow the opening of the full 2 Line.<sup>8</sup> Among the initiatives that may impact the SE-MIC, Route 269 will see increased frequency and be extended to Mercer Island instead of terminating in Issaquah<sup>9</sup>, Route 224 was rerouted to provide new service to SE Redmond<sup>10</sup>, and Route 251 is a new route that will travel between Woodinville and Marymoor Village, via Education Hill, Downtown Redmond, and Bear Creek Park & Ride.<sup>11</sup> Exhibit 19 shows existing and planned transit routes in the SE-MIC area.

The 2024-2050 Transportation Facilities Plan (TFP) outlines priority projects and programs that reflect the City’s commitment to addressing transportation needs driven by growth, resolving system deficiencies, and supporting essential operations and capital maintenance. The Plan includes several projects in the Southeast Redmond area, such as enhancing transit amenities from the intersection of 76th and eastbound 520 ramps to 178th Place.<sup>12</sup>

#### Engagement Findings

- Proximity to the light rail station is seen as a major asset by potential tenants of the SE-MIC.
- Stakeholders noted the need to better connect light rail users to businesses in the SE-MIC, as the last part of the commute is not accounted for and is a 30-minute walk to the center.
- Expanding transit access to the SE-MIC can support workforce attraction, particularly for workers who cannot afford local housing, and enhance connectivity for workers commuting to and from the area.

<sup>6</sup> City of Redmond (2025). *Transit Chapter (DRAFT) – TMP Update, June 2025*.

[https://www.redmond.gov/DocumentCenter/View/38277/TMP-Transit-Chapter\\_Draft\\_V1?bidId=](https://www.redmond.gov/DocumentCenter/View/38277/TMP-Transit-Chapter_Draft_V1?bidId=)

<sup>7</sup> City of Redmond (2024). *Transportation Element Appendices*.

<https://www.redmond.gov/DocumentCenter/View/36120/Transportation-Element---Appendices-Corrected-March-2025---TFP?bidId=>

<sup>8</sup> King County (2025). *East Link Connections*. <https://kingcounty.gov/en/dept/metro/programs-and-projects/east-link-connections>

<sup>9</sup> City of Redmond (2025). *Transit Chapter (DRAFT) – TMP Update, June 2025*.

[https://www.redmond.gov/DocumentCenter/View/38277/TMP-Transit-Chapter\\_Draft\\_V1?bidId=](https://www.redmond.gov/DocumentCenter/View/38277/TMP-Transit-Chapter_Draft_V1?bidId=)

<sup>10</sup> King County (2022). *Phase 3: Route 224 Current and Proposed Routing*.

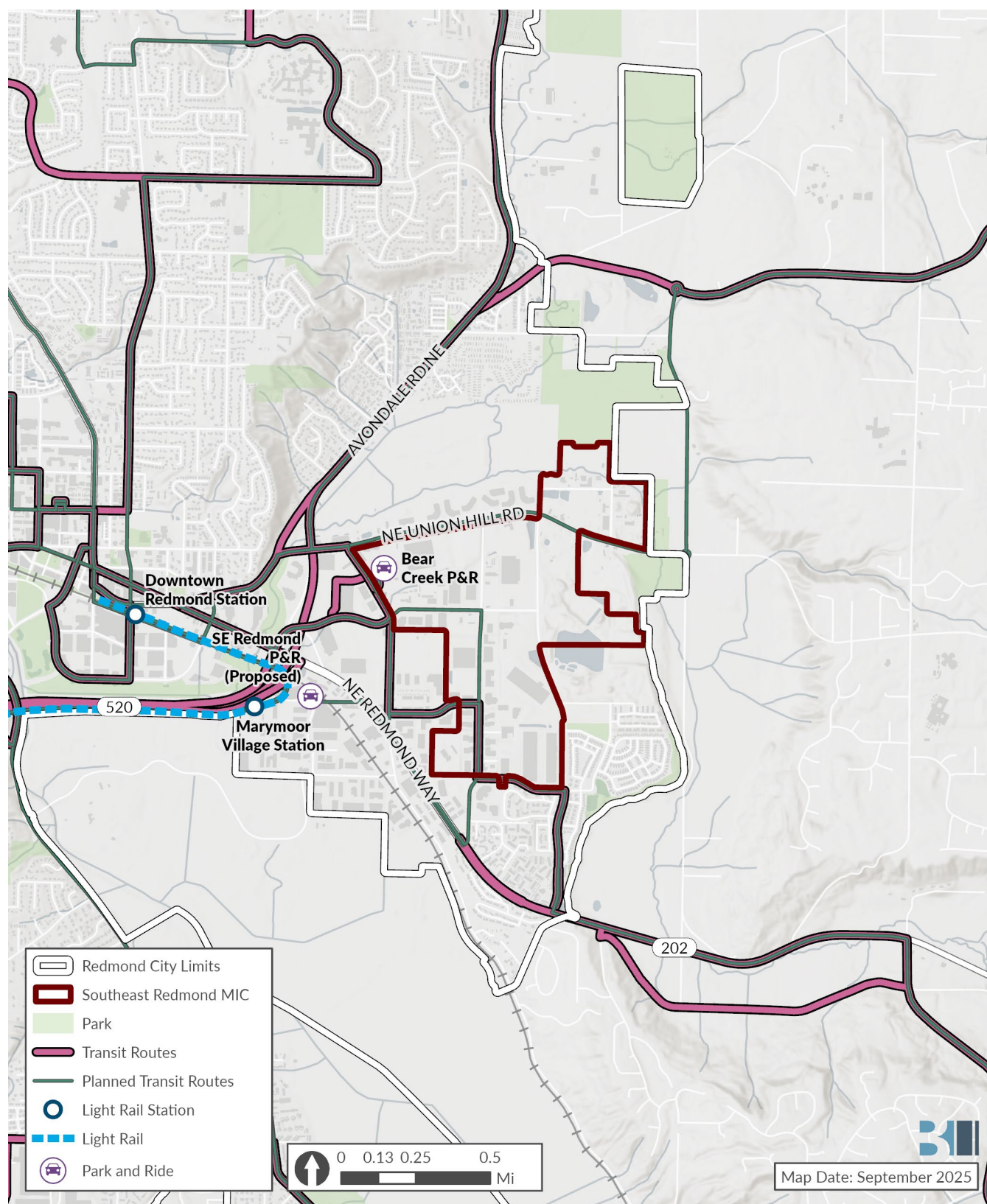
[https://oohsteastlinkconnect.blob.core.windows.net/media/Default/maps\\_p3/en/north/224.pdf](https://oohsteastlinkconnect.blob.core.windows.net/media/Default/maps_p3/en/north/224.pdf)

<sup>11</sup> King County (n.d.). *New Route 251*. <https://cdn.kingcounty.gov/-/media/king-county/depts/metro/documents/projects/east-link-connections/routes/251.pdf?rev=ef533ebe13694ea6993cf0eae5d26bc5&hash=9E90F2CD0F035895860B13809BF96D6C>

<sup>12</sup> City of Redmond (2025). *Appendix G: Transportation Facilities Plan with Financing Plan (System Needs)*.

<https://www.redmond.gov/DocumentCenter/View/37507/2024-2050-Transportation-Facilities-Plan>

**Exhibit 19. SE-MIC Transit Routes and Park-and-Ride Locations**



Sources: Sound Transit, n.d.; City of Redmond, 2025; BERK, 2025.

## *Multimodal and Active Transportation*

Exhibit 20 shows the pedestrian system, including sidewalks and trails, in the SE-MIC. Nearly 89% of Redmond's local streets and 92% of its arterial network include sidewalks on one or both sides.

However, sidewalk coverage near the SE-MIC is relatively limited. Additionally, several curb ramps in the SE-MIC either fall short of current accessibility standards or are missing entirely. Much of the area also falls outside the 300- and 600-foot buffer distances from existing Low-Stress Pedestrian Crossings (LSPCs), which provide safe and comfortable mid-block or intersection crossings for pedestrians. One such crossing is planned for installation just south of the study area.

Exhibit 21 and Exhibit 22 highlight the area's sidewalk gaps and curb ramp issues, as well as existing and future pedestrian arterial crossings. The City will actively work to address these gaps by linking pedestrian routes and providing safe, accessible paths for people walking, biking, and rolling.<sup>13</sup> As mentioned in the Roads subsection, the TFP includes several roadway projects in the Southeast Redmond area that will include new bike lanes, sidewalks, and pedestrian infrastructure to support non-motorized travel. These are as follows:

- 76th Street & 178th Place Intersection Improvements: Improve the intersection by accommodating WB-67 trucks for all movements, adding northbound and southbound right turn only lanes, completing bike lanes, widening sidewalks to 6 feet wide, and adding better sight lines.
- NE 76th St Widening: Widen roadway to include a 12-foot center turn lane, two 12-foot travel lanes and two 5.5-foot bike lanes and 6-foot sidewalks on both sides of roadway.

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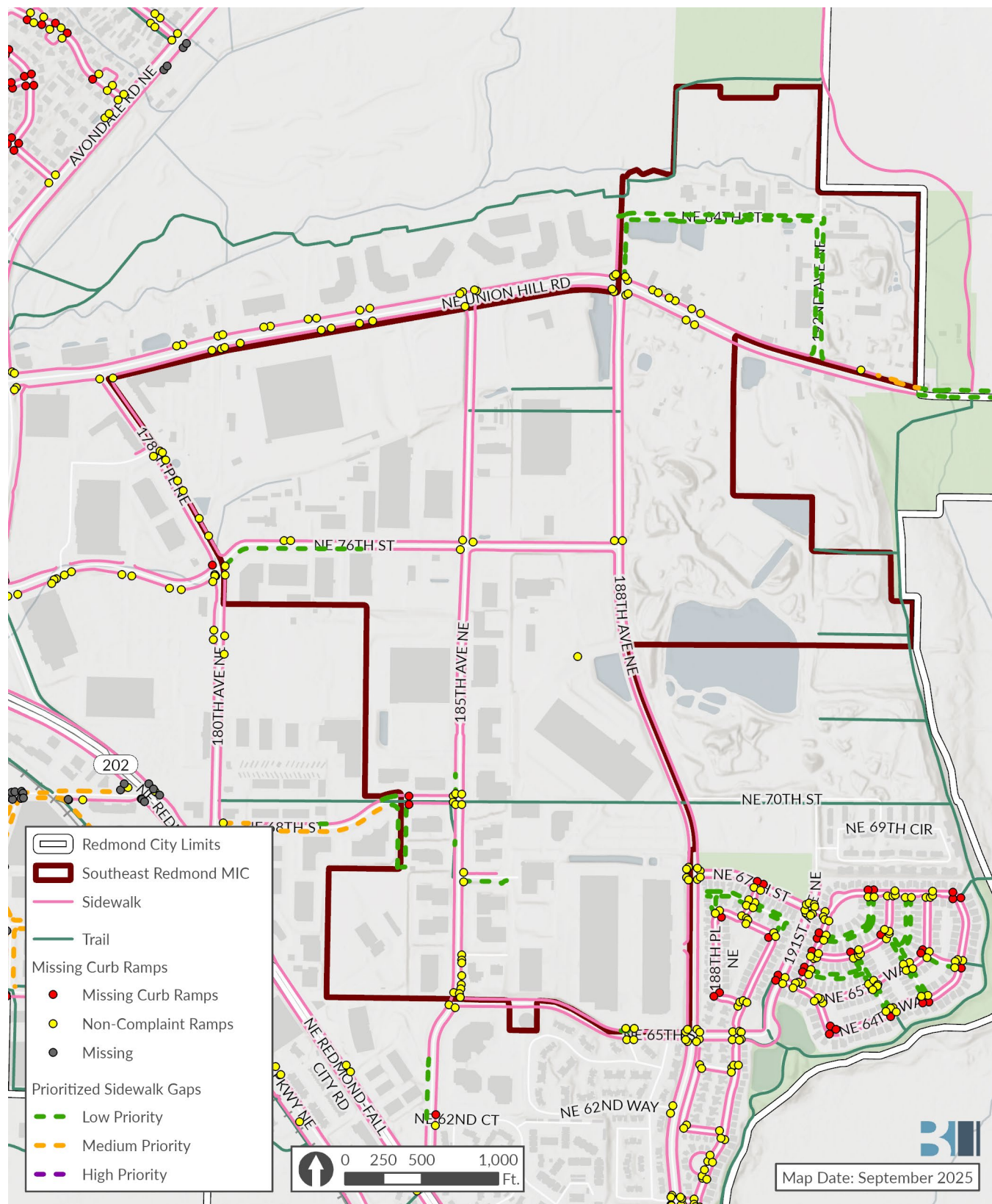
<sup>13</sup> City of Remond (2025). *Pedestrian Plan – TMP Update*. [https://www.redmond.gov/DocumentCenter/View/38685/TMP-Pedestrian-Draft\\_Website-Draft\\_v1](https://www.redmond.gov/DocumentCenter/View/38685/TMP-Pedestrian-Draft_Website-Draft_v1)

This map displays the Southeast Redmond MIC area, bounded by a thick red line. The map includes the following features:

- Redmond City Limits:** Indicated by a thin black outline.
- Southeast Redmond MIC:** The area enclosed by the thick red boundary line.
- Sidewalk:** Represented by pink lines.
- Trail:** Represented by green lines.
- Roads:** Labeled roads include NE 84TH ST, NE 76TH ST, NE 70TH ST, NE 68TH ST, NE 67TH ST, NE 65TH ST, NE 64TH WAY, NE 62ND CT, NE 62ND WAY, NE 78TH PL NE, NE 77TH PL NE, NE 75TH PL NE, NE 73TH PL NE, NE 71TH PL NE, NE 69TH CIR, NE 67TH PL NE, NE 65TH PL NE, NE 63TH PL NE, NE 61TH PL NE, NE 59TH PL NE, NE 57TH PL NE, NE 55TH PL NE, NE 53TH PL NE, NE 51TH PL NE, NE 49TH PL NE, NE 47TH PL NE, NE 45TH PL NE, NE 43TH PL NE, NE 41TH PL NE, NE 39TH PL NE, NE 37TH PL NE, NE 35TH PL NE, NE 33TH PL NE, NE 31TH PL NE, NE 29TH PL NE, NE 27TH PL NE, NE 25TH PL NE, NE 23TH PL NE, NE 21TH PL NE, NE 19TH PL NE, NE 17TH PL NE, NE 15TH PL NE, NE 13TH PL NE, NE 11TH PL NE, NE 9TH PL NE, NE 7TH PL NE, NE 5TH PL NE, NE 3TH PL NE, NE 1ST PL NE, NE 84TH ST, NE 82ND ST, NE 80TH ST, NE 78TH ST, NE 76TH ST, NE 74TH ST, NE 72TH ST, NE 70TH ST, NE 68TH ST, NE 66TH ST, NE 64TH ST, NE 62TH ST, NE 60TH ST, NE 58TH ST, NE 56TH ST, NE 54TH ST, NE 52TH ST, NE 50TH ST, NE 48TH ST, NE 46TH ST, NE 44TH ST, NE 42TH ST, NE 40TH ST, NE 38TH ST, NE 36TH ST, NE 34TH ST, NE 32TH ST, NE 30TH ST, NE 28TH ST, NE 26TH ST, NE 24TH ST, NE 22TH ST, NE 20TH ST, NE 18TH ST, NE 16TH ST, NE 14TH ST, NE 12TH ST, NE 10TH ST, NE 8TH ST, NE 6TH ST, NE 4TH ST, NE 2TH ST, NE 1ST ST.
- Scale:** 0, 250, 500, 1,000 Ft.
- Map Date:** September 2025.

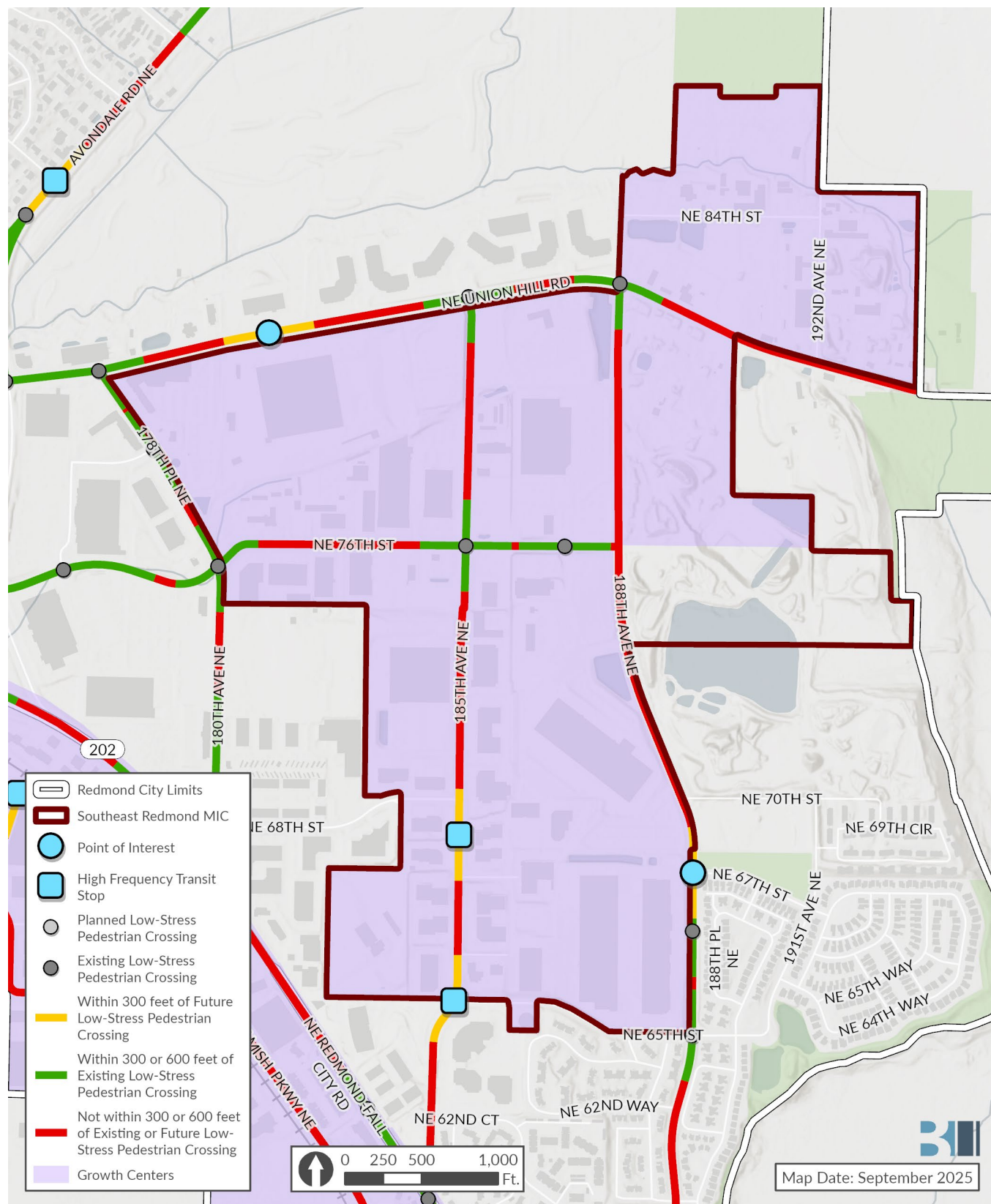
City of Redmond | Southeast Redmond Existing Conditions and Market Drivers

Exhibit 21. Sidewalk Gaps and Curb Ramps in the SE-MIC



Sources: City of Redmond, 2025; BERK, 2025.

## Exhibit 22. Existing and Future Arterial Pedestrian Crossings



Sources: City of Redmond, 2025; BERK, 2025.

Exhibit 23 shows the bicycle system in the area, which includes bike lanes on NE Union Hill Road, 178th Place NE, 180th Avenue NE, 188th Avenue NE, and NE 76th Street.

Redmond has identified specific areas where short motor vehicle trips are common as strategic locations for implementing infrastructure improvements and policy measures that promote more sustainable transportation options like walking, bicycling, micromobility, and transit. Southeast Redmond, along with Downtown and Overlake, is among the top destinations for short motor vehicle trips under two miles. These areas, and the routes leading to them, offer an opportunity for improving bike infrastructure to facilitate access to the new light rail stations and other destinations while reducing reliance on motor vehicles.<sup>14</sup>

Improvements to the bicycle network in the SE-MIC include the addition of separated bike lanes throughout much of the area, as well as shared-use pathways and bike lanes (Exhibit 23). These improvements will be part of Redmond's bicycle network strategy, which includes new connections and upgrades to existing bikeways to create higher comfort bike paths.

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<sup>14</sup> City of Redmond (2025). *Bicycling in Redmond – TMP Update*.  
[https://www.redmond.gov/DocumentCenter/View/38276/TMP-Bicycle-Chapter\\_Draft\\_V1?bidId=](https://www.redmond.gov/DocumentCenter/View/38276/TMP-Bicycle-Chapter_Draft_V1?bidId=)

**Redmond City Limits**

**Southeast Redmond MIC**

**Existing Bikeways**

- Bike Lane/Shoulder/Shoulder
- Shared-Use Path

**Planned Bikeways**

- Bike Boulevard
- Bike Lane
- Separated Bike Lane
- Shared-Use Path

**Map Date: September 2025**

City of Redmond | Southeast Redmond Existing Conditions and Market Drivers

# Utilities

## *Water*

Redmond's water system currently serves customers through four hydraulically distinct yet interconnected service areas: the Well Service Area, the Rose Hill Service Area, the Overlake/Viewpoint Service Area, and the Novelty Hill Service Area. Southeast Redmond area falls within the Well Service Area. It is served by the Southeast Redmond Pump Station, which was constructed in 1990 to enhance water service. This pump station is crucial for maintaining water supply and pressure for the growing population in the SE Redmond area. Additionally, the 4.5-million-gallon Southeast Redmond Reservoir was built in 1996 to provide extra storage capacity, further supporting the water needs of residents and businesses. In 2020, the Southeast Redmond Reservoir underwent seismic improvements and was repainted.<sup>15</sup> Exhibit 24 shows some of the different components of the water system in the SE-MIC area.

Beneath Redmond's Downtown, Avondale Road, and Southeast Redmond areas lie a layer of groundwater. This groundwater forms an aquifer, which supplies approximately 40% of the city's drinking water. Municipal wells extract water from the aquifer, which is then treated to meet safety standards before being distributed to residents. As the aquifer is naturally replenished by rainfall and surface water that percolates through the soil, contaminants like oil and chemicals can also seep into the groundwater. Redmond has updated its groundwater/ wellhead protection areas using a computer-based model informed by data. The updated areas, CARAs, are illustrated in Exhibit 25. CARA I and CARA II, both of which intersect the SE-MIC, are areas where the aquifer is susceptible to contamination and rainwater infiltration is key for replenishing the groundwater supply. Around 90 monitoring wells located within the CARAs are used to track water quality and groundwater levels.<sup>16</sup>

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<sup>15</sup> City of Redmond (2024). *City of Redmond 2024 Water System Plan*.  
<https://www.redmond.gov/DocumentCenter/View/35179/2024-Water-System-Plan-PDF?bidId=>

<sup>16</sup> City of Redmond (n.d.). *Groundwater*. <https://www.redmond.gov/831/GroundwaterWellhead-Protection#CARA>

This map displays the Southeast Redmond Metered Inlet Control (MIC) area. The map features a network of water pipes, hydrants, pumps, and reservoirs. The Southeast Redmond MIC boundary is highlighted in red. The map includes a legend, a scale bar (0 to 1,000 feet), and a north arrow. The map date is September 2025.

**Legend:**

- Southeast Redmond MIC (Red outline)
- Redmond City Limits (Black outline)
- Reservoir (Blue circle)
- Pump (Blue circle with a dot)
- Backflow Device (Black dot)
- Hydrant (Pink dot)
- Meter (White dot)
- Pipe (Blue line)
- Fire Pipe (Red line)

**Map Date:** September 2025

City of Redmond | Southeast Redmond Existing Conditions and Market Drivers

This map displays the Southeast Redmond Municipal Improvement Critical Area (MIC) and its associated Critical Aquifer Recharge Areas (CARA I and CARA II). The map includes the following features:

- Redmond City Limits:** Indicated by a thin white line.
- Southeast Redmond MIC:** Indicated by a thick red line.
- Critical Aquifer Recharge Areas:**
  - CARA I:** Shaded in dark blue.
  - CARA II:** Shaded in light blue.
- Streets:** Labeled streets include Avondale Rd NE, NE 84th St, NE 80th St, NE 76th St, NE 70th St, NE 68th St, NE 65th St, NE 64th Way, NE 62nd Way, NE 62nd Ct, NE 58th St, NE 54th St, NE 50th St, NE 46th St, NE 42nd St, NE 38th St, NE 34th St, NE 30th St, NE 26th St, NE 22nd St, NE 18th St, NE 14th St, NE 10th St, NE 6th St, NE 2nd St, NE 1st St, NE 192nd Ave NE, 188th Ave NE, 185th Ave NE, 180th Ave NE, 178th Pl NE, NE Redmond Way, East Lake Sammamish Pkwy NE, NE Redmond-Fall City Rd, NE 188th Pl NE, NE 191st Ave NE, NE 69th Cir, NE 67th St, NE 65th Way, NE 64th Way, NE 62nd Way, NE 62nd Ct, NE 60th St, NE 58th St, NE 56th St, NE 54th St, NE 52nd St, NE 50th St, NE 48th St, NE 46th St, NE 44th St, NE 42nd St, NE 40th St, NE 38th St, NE 36th St, NE 34th St, NE 32nd St, NE 30th St, NE 28th St, NE 26th St, NE 24th St, NE 22nd St, NE 20th St, NE 18th St, NE 16th St, NE 14th St, NE 12th St, NE 10th St, NE 8th St, NE 6th St, NE 4th St, NE 2nd St, NE 1st St.
- Scale:** 0, 250, 500, 1,000 Ft.
- Map Date:** September 2025.

City of Redmond | Southeast Redmond Existing Conditions and Market Drivers

## *Wastewater & Stormwater*

Since the 1990s, employment in Redmond has more than doubled, and projections indicate an additional 40% increase over the next two decades. This sustained growth places increasing pressure on the City's wastewater and stormwater infrastructure, necessitating both system expansion and upgrades to existing facilities.

The SE-MIC is contained within the SE Redmond Basin, which is primarily light industrial and commercial in character with some residential development. The SE Redmond Basin began to develop a wastewater collection system in 1976. In recent years, Southeast Redmond has experienced notable commercial development, with major employers such as Costco, FedEx, and MV Transportation establishing a presence in the area. This growth has been accompanied by some multifamily residential development, further contributing to rising infrastructure demands. Exhibit 26 shows the wastewater system in the SE-MIC.

The 2024 General Wastewater Plan Update highlights a few recent and planned developments within the area the SE Redmond Basin that could impact the SE-MIC. In 2023, Lift Station 11 was upgraded with new pumps, mechanical equipment, generators, and electrical and controls equipment. Additionally, there is a project to reroute Evans Creek between 192nd Avenue NE and 188th Avenue NE, moving the creek further north. The project would increase Redmond's Sanitary Service Boundary Area and developable area to include all parcels south of the creek. Finally, 170 townhomes were built in a parcel north of the Woodbridge neighborhood.<sup>17</sup>

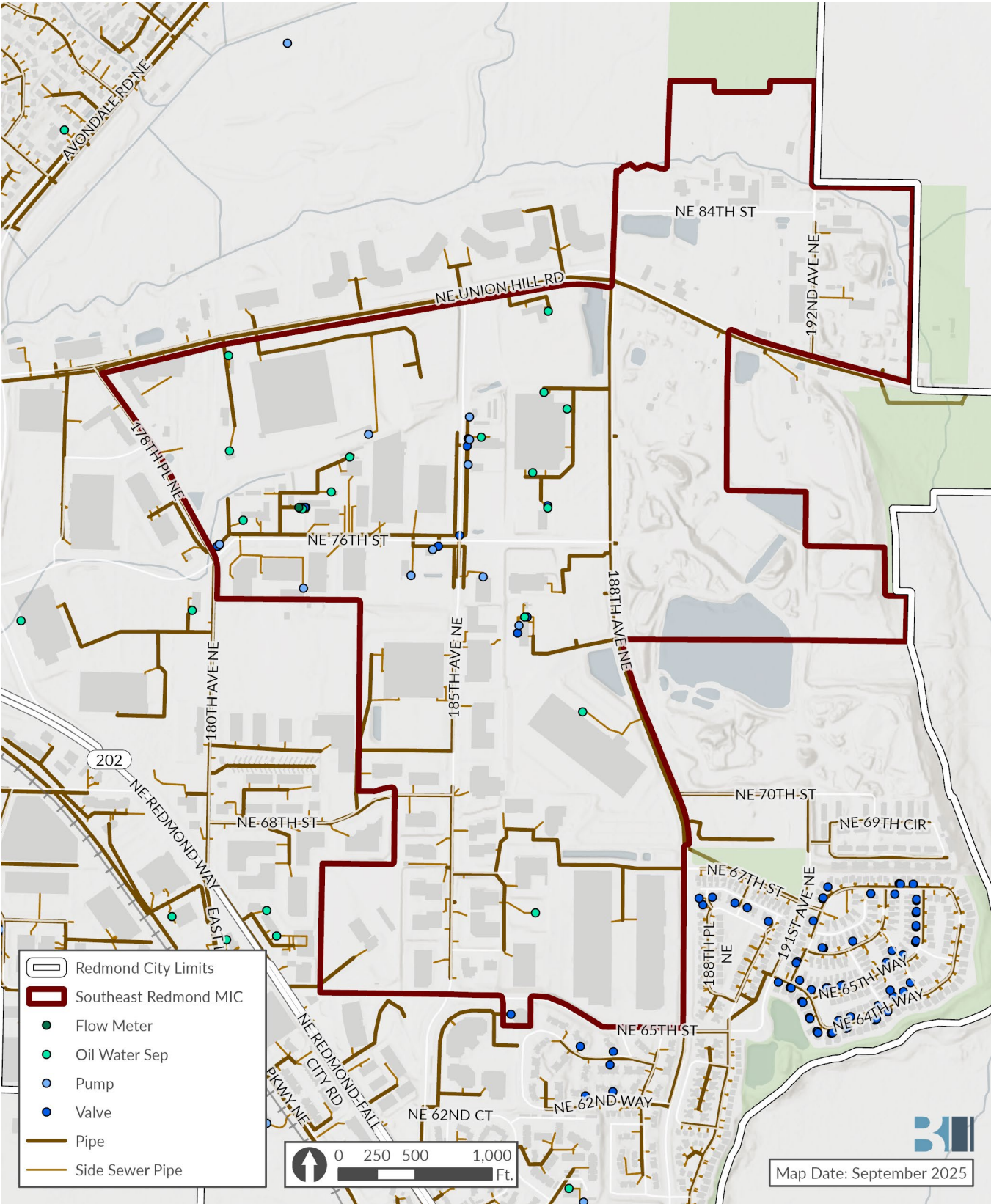
This growth has also heightened the need for effective stormwater management to prevent flooding and reduce runoff impacts. In response, the City requires new developments to incorporate systems that can handle increased water flow, reducing strain on existing infrastructure.

Recognizing the interconnected nature of these systems, Redmond's planning efforts increasingly emphasize coordination between stormwater and wastewater management. This integrated approach can support more efficient service delivery, enhance resilience, and help protect water quality.

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<sup>17</sup> City of Redmond (2024). *City of Redmond General Wastewater Plan Update for the 2050 Comprehensive Plan*. <https://www.redmond.gov/DocumentCenter/View/35414/Redmond-General-Wastewater-Plan---2050-Update?bidId=>

Exhibit 26. Wastewater System in the SE-MIC



Sources: City of Redmond, 2025; BERK, 2025.

## Power

Timely access to electrical power is essential for the SE-MIC's industrial growth, as delays can lead to increased costs and stalled project timelines. While the standard timeline for a new commercial service installation is typically 6-12 weeks according to PSE<sup>18</sup>, some projects can take significantly longer. The complexity and size of the new development are major factors. A smaller, less complex project might fall within the standard timeframe, while a large-scale project with high electric load requirements, like a data center or a large manufacturing facility, could face longer timelines due to the need for major infrastructure upgrades.

The PSE Hosting Capacity Map<sup>19</sup> provides an informational estimate of available capacity for distributed energy resources (DERs). The SE-MIC is in a section of the grid with an estimated hosting capacity between 1.00 and 5.00 MW, based on September 2024 data. This area features three-phase underground distribution lines, making it suitable for larger-scale interconnections.

The 2024 PSE Plan outlines current and upcoming transmission and substation projects designed to address known system constraints in the Central Region. A major recently completed effort is the Energize Eastside Transmission Capacity Project, which responded to the Eastside area's significant population growth, from 50,000 in the 1960s to nearly 400,000 today. The project involved upgrading the region's aging electrical infrastructure, including the addition of a 230/115 kV transformer at the new Richards Creek Substation and rebuilding the Sammamish–Lakeside–Talbot #1 and #2 transmission lines from 115 kV to 230 kV. These improvements were necessary to meet North American Electric Reliability Corporation (NERC) reliability standards and to eliminate the risk of overload and potential load shedding during summer peak conditions. The project was completed in 2024.<sup>20</sup>

Looking ahead, PSE has identified a need to address distribution system capacity constraints in Redmond by 2026. Projections from the 2024 PSE Plan indicated that substation group capacity would exceed the 75% planning threshold that same year, with feeder group capacity expected to be fully used by 2026. To prevent service impacts, PSE is designing a project to add new distribution banks at the existing Union Hill and Sterling Substations. The goal is to have the upgrades in place before the system reaches 100% of its available capacity.

The City of Redmond is also partnering with the City of Bellevue to conduct a local grid capacity study to better understand the local grid's capacity to support continued development and growth, along with building and vehicle electrification and the transition to clean energy. The assessment will cover both the current system and address future growth scenarios by looking at expected growth in Redmond over the next 5, 10, and 20 years plus the changing needs stemming from the electrification of buildings and transportation and the transition to 100% renewable energy by 2045.

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<sup>18</sup> *Project Steps*, Puget Sound Energy, <https://www.pse.com/en/construction-services/cs-project-steps#submission>, 2026.

<sup>19</sup> *Generation Hosting Capacity*, Puget Sound Energy (n.d.), <https://pugetsoundenergy.maps.arcgis.com/apps/webappviewer/index.html?id=980fc190ffd648489a492f8363a1d2cc>.

<sup>20</sup> *PSE 2024 Plan*, Puget Sound Energy, 2024.

### Engagement Findings

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- Adequate power access is very important to potential tenants of the SE-MIC. The scheduled improvements to grid updates to be completed by 2026 will be critical to attract businesses.
- PSE assumes that any typical light industrial, manufacturing, or tech business power needs associated with future growth and expansion in the SE-MIC will be able to be met, but any data center level loads would require significant increases that are not assumed in PSE scheduled updates.

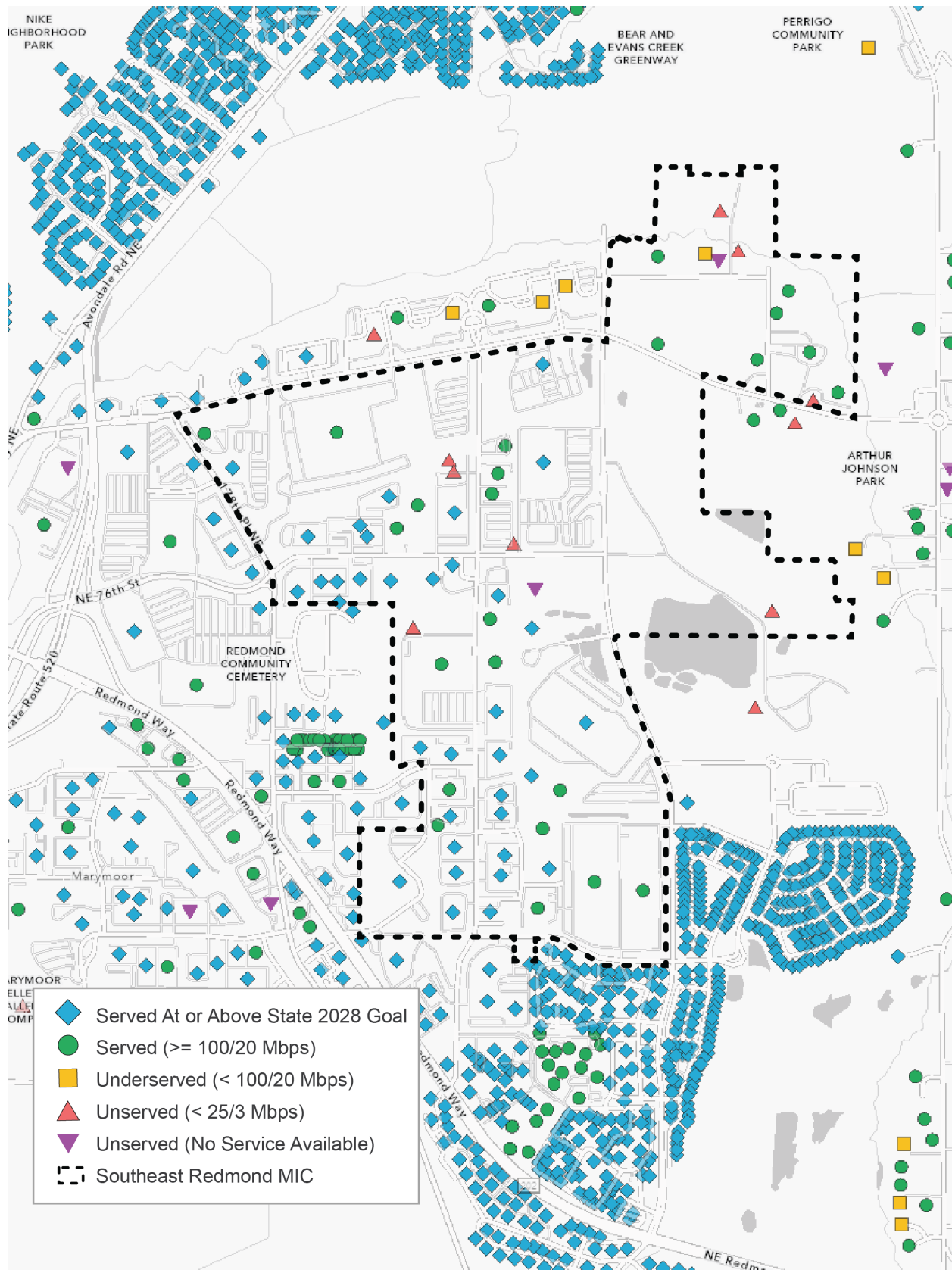
### *Broadband*

Broadband services and digital literacy skills are essential for all Washington State residents. The Washington State Broadband Office (WSBO), part of the Department of Commerce, aims to ensure that all residents have access to high-speed broadband, defined as 150 Mbps download and upload, by 2028.

WSBO's Digital Equity Dashboard offers a comprehensive view of the current Digital Divide across the state. The "Digital Divide" refers to the gap between individuals who do and do not have access to the infrastructure, technology, and skills necessary for essential services, education, employment opportunities, and civic participation. The Digital Divide Index Score for the SE-MIC is low, suggesting a relatively higher level of equity based on factors such as broadband infrastructure, adoption, demographics, and economic conditions.

Regarding broadband serviceable locations, the majority in the SE-MIC meet or exceed the State's goal, with many others served at or above 100/20 Mbps. However, a few locations remain underserved or unserved, including one with no available service (Exhibit 27). Additionally, most broadband serviceable locations have 80–100% coverage, with some areas ranging between 40–80%.

## Exhibit 27. Broadband Service Levels in the SE-MIC



Sources: Washington State Department of Commerce, 2025; BERK, 2025.

# Development Capacity

Common characteristics of industrial areas include low-density uses, large lots, warehouses, and staging areas. The Se-MIC has a unique mix of typical and novel use patterns, combining traditional manufacturing and distribution activities with emerging consumer and aviation technology firms, office spaces, and commercial services. This blend creates both opportunities and challenges for development within the SE-MIC, where the potential for higher density development meets evolving market conditions and site-specific needs.

To examine the capacity of future industrial development and the potential for job creation, this section outlines an industrial-specific land capacity analysis of the SE-MIC.

## Methodology

This land capacity analysis relies on parcel information provided by the King County Assessor's Office, in conjunction with data from the City of Redmond for density assumptions, zoning, and critical areas and their respective buffers. The steps taken to create the land capacity model were:

- Obtain the latest parcel and critical area GIS layers and load into GIS software
- Calculate the total area of each parcel covered by critical areas and their buffers
- Flag parcels to exclude from analysis
  - Special uses such as utility easements, parcels with governmental use, religious services, cemeteries, etc. are excluded
- Calculate buildable acreage per parcel by subtracting critical areas
- Calculate land value ratio by dividing appraised improvement value by appraised land value
- Calculate floor area ratio (FAR) by dividing built square footage by buildable parcel area
- Determine parcel status as vacant or redevelopable:
  - Vacant:
    - Parcels labelled as vacant by the King County Assessor's present use information
  - Under-utilized:
    - Parcels that are not vacant,
    - With an improvement/land value ratio less than 1 (the land is more valuable than the improvements),
    - And the achieved FAR is less than 0.35
- Determine developable acreage as the buildable acreage of any vacant or redevelopable parcel
- Determine net developable square feet by:
  - Converting developable acreage to square feet and multiplying by industrial use achieved FAR (0.55) by parcel,
  - Subtracting existing built square footage on that parcel
- Sum net developable square feet by zone

- Apply density and development assumptions
  - Deduct market factor (35%, from Redmond 2050 SEPA analysis)
  - Multiply result by job density assumption per zone (730sqft per job, from Redmond 2050 SEPA analysis)

## Results

The SE-MIC only contains three zoning designations: Industrial, Manufacturing Park, and Semi-Rural Residential. Since this analysis is only concerned with employment capacity, the residential areas resulted in zero net development capacity or employment and are left out of the following results.

Exhibit 28 shows the total acres, under-utilized acres, potential development built square feet, and the net jobs capacity per zone in the SE-MIC. About 85 acres of Industrial-zoned area within the SE-MIC is considered under-utilized by the land capacity model, resulting in just under 700,000 potential built square feet and nearly 1,000 jobs. For the Manufacturing Park zone, the model estimates about 140 acres of under-utilized area with over 800,000 potential built square feet and about 1,100 jobs. Net new job capacity in the SE-MIC is approximately 2,100 jobs according to this land capacity analysis.

The City of Redmond will be rezoning the remaining Semi-Rural Residential areas in the SE-MIC to Industrial pending the completion of the Evans Creek relocation project, as discussed in the Zoning section earlier in this report. While the true capacity of this newly developable area will be determined by the nature and extent of the relocated stream channel and respective buffers, the additional capacity can be modeled with the assumption of no overlapping of critical areas within these areas. With those assumptions, the 20 parcel acres of new Industrial-zoned land would increase the potential development built square feet by 160,514, adding an additional 220 jobs for a total SE-MIC net capacity of 2,312 new jobs.

**Exhibit 28. Total Development and Employment Capacity, SE-MIC**

| Zoning             | Total Net Acres | Under-utilized Acres (Gross) | Potential Development Built SqFt (Net) | Net Jobs Capacity |
|--------------------|-----------------|------------------------------|----------------------------------------|-------------------|
| Industrial         | 96.8            | 85.2                         | 693,966                                | 951               |
| Manufacturing Park | 241.1           | 139.7                        | 832,596                                | 1,141             |
| <b>Total</b>       | <b>337.9</b>    | <b>224.9</b>                 | <b>1,526,561</b>                       | <b>2,092</b>      |

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

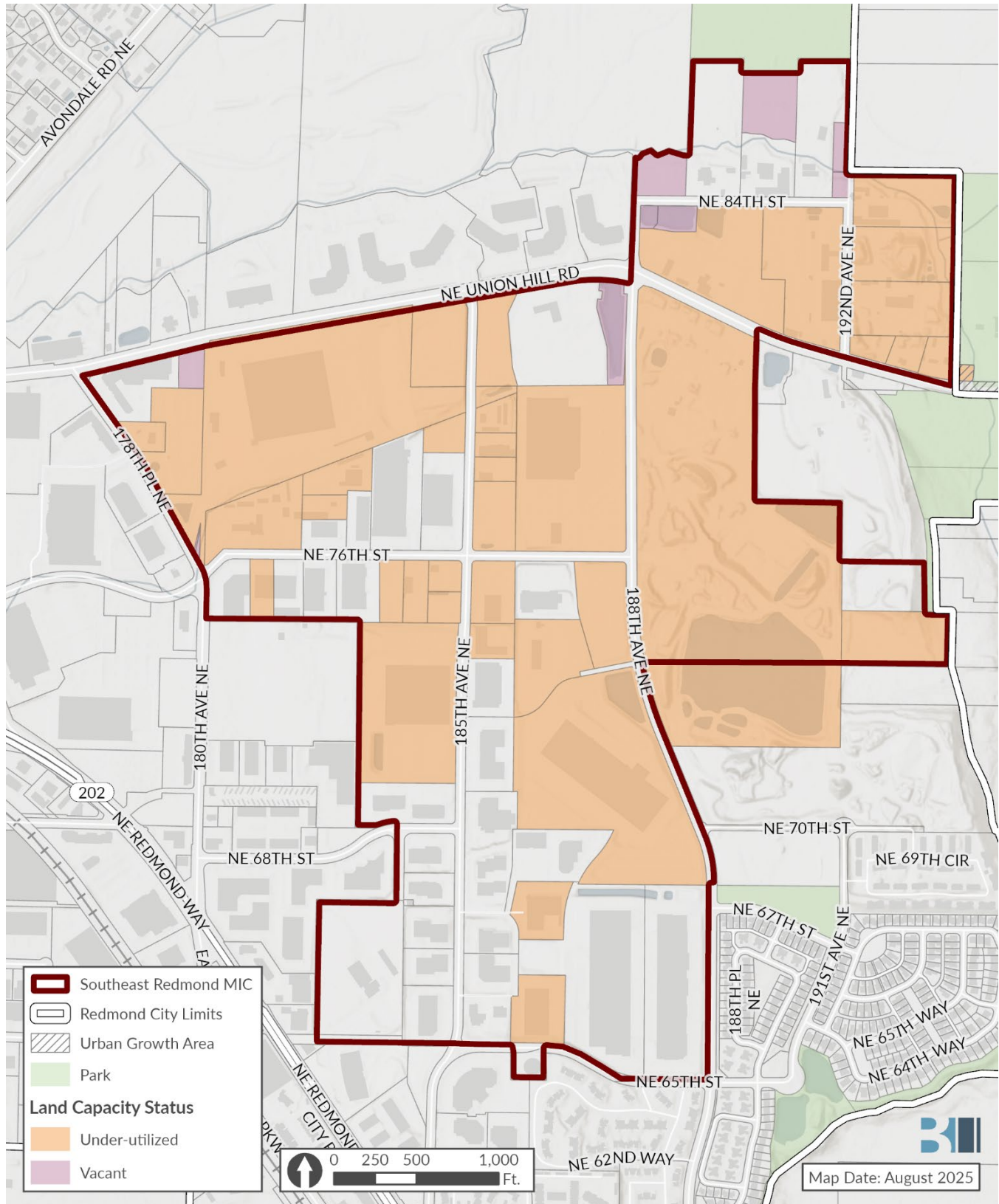
According to the Redmond 2050 Comprehensive Plan, the SE-MIC has a planned growth target of 2,600 new jobs between 2019 and 2050.<sup>21</sup> Assuming a steady growth rate across that time frame, 500 jobs would have been added between 2019 and 2025, leaving 2,100 new jobs remaining to achieve the 2050

<sup>21</sup> City of Redmond (2019). *Redmond 2050 Comprehensive Plan*. Page 187.

<https://www.redmond.gov/DocumentCenter/View/35318/Redmond-2050-Comprehensive-Plan-Corrected-TFP---March-2025?bidId=>

target. This land capacity analysis suggests that the SE-MIC has approximately enough capacity (2,092 jobs) to accommodate this growth target. However, data for actual job growth up to 2025 is not available, and the number of jobs from 2019 to 2023 decreased by 580 jobs as seen in Exhibit 3. This may indicate that the SE-MIC is behind on job growth and may be short on new job capacity.

## Exhibit 29. Land Capacity Analysis Parcel Status, SE-MIC



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

# Real Estate Market Conditions and Trends

This section details the Redmond submarket and comparison submarkets' industrial and flex real estate conditions and identifies market drivers and trends that will influence the market appeal and viability of industrial, and flex uses. The real estate market data summarized in this section comes from CoStar, a commercial real estate company, and while it provides robust coverage it is not an exhaustive source for every property in a geographic area.

This analysis also uses submarkets defined by CoStar within the Seattle industrial and flex market. Submarkets are divisions of the primary market that are generally recognizable to the real estate industry and the business community by the names given to the areas. Submarkets are defined by specific geographic boundaries that serve to delineate core areas that are competitive with each other and constitute a generally accepted primary competitive set of areas.

This analysis focuses on market conditions in the Redmond submarket, which encompasses the SE-MIC, with comparisons to submarkets on the Eastside (Woodinville, Kirkland, Bothell/ Kenmore, Bellevue, Newport/ Issaquah, and 520 Corridor) and other submarkets to the north (Everett CBD, Edmonds/ Lynnwood, Mill Creek/ N Creek, and Northgate/ N Seattle). The geographic boundaries of these submarkets are shown on the map in Exhibit 30.

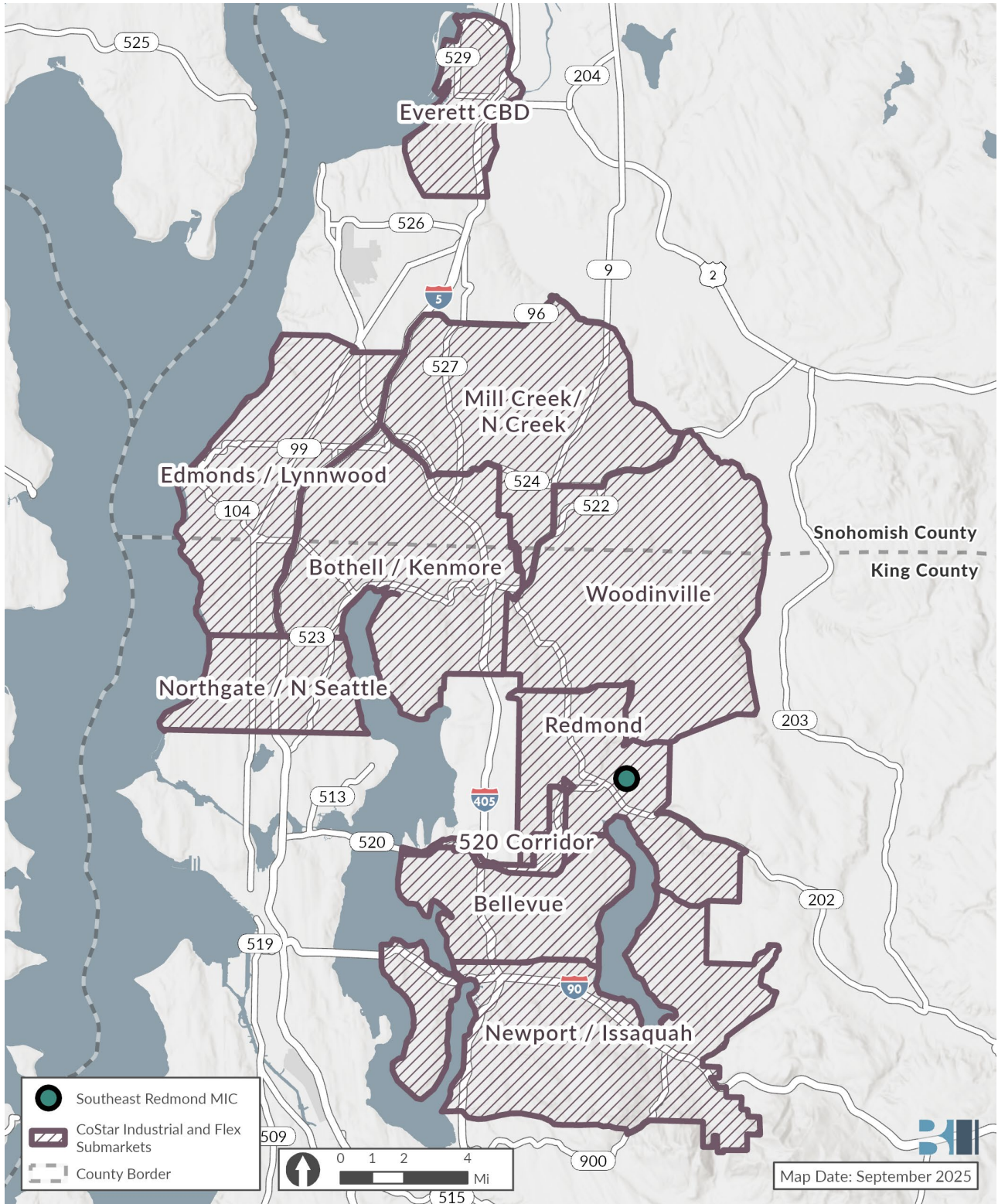
The following CoStar market indicators were used in the market trends analysis<sup>22</sup>:

- **Inventory:** Total space that has received a certificate of occupancy and is able to be occupied by tenants, not including space that is planned or under construction.
- **Vacancy rate:** Amount of new, relet, or sublet space vacant divided by the existing rentable building area, which is the amount of usable area in a building.
- **Market rent:** Rental income that a property would most likely command in the open market.
- **Net absorption:** A measure of demand that represents the difference between total space occupied (moved into) and total space vacated (moved out of). Lease renewals are not factored into net absorption unless the lease renewal includes additional space (which would be counted). Positive net absorption indicates that occupied space exceeds vacated space, while negative net absorption indicates that vacated space exceeds occupied space.
- **Net deliveries:** A measure of supply that represents the difference between new space added (constructed) and space removed (demolished) in the market. Positive net deliveries indicate that newly constructed space exceeds demolished space, while negative net deliveries indicate that demolished space exceeds newly constructed space.

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<sup>22</sup> Costar Glossary, Costar, <https://www.costar.com/about/costar-glossary>, 2026.

## Exhibit 30. CoStar Industrial and Flex Submarkets



Note: This map is for illustrative purposes only and may not precisely reflect the official boundaries of CoStar's industrial and flex submarkets. For accurate and detailed information, please refer to CoStar maps directly:

<https://www.costar.com/about/submarketmaps.aspx>

Sources: CoStar, 2025; BERK, 2025.

# Market Trends

The market trends analysis focuses on the industrial and flex uses. CoStar defines industrial as properties adapted for a combination of uses such as assemblage, processing, and/or manufacturing products from raw materials or fabricated parts. Additional uses include warehousing, distribution, and maintenance facilities. Flex is loosely defined in commercial real estate by a type of building designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. Flex buildings typically have ceiling heights under 18 feet, with light industrial zoning.

## Industrial

The Redmond industrial submarket contains roughly 4.3 million square feet (SF) of inventory, the second highest among all comparison submarkets, after Woodinville. Over the past decade, Redmond's industrial inventory was largely unchanged.

Of the 4.3 million SF of industrial space in Redmond, approximately 3.4 million SF are logistics inventory (79%) and 910,000 SF are specialized industrial inventory (21%). Redmond's industrial inventory remained relatively flat over the past decade, with a negligible decline of -0.2% or 10,000 SF (Exhibit 30). Similarly, on the Eastside, Newport/Issaquah and 520 Corridor submarkets showed no change over the 10-year period. Bellevue saw the most dramatic decline, with a 39.8% decrease, representing a loss of 1.11 million SF, mostly of specialized industrial space. Conversely, Woodinville experienced a 10.1% growth in industrial inventory and added 590,000 SF, of which 460,000 SF were logistics space. Industrial inventory growth also occurred in Everett and Mill Creek/N Creek submarkets.

### Exhibit 31. Industrial Inventory by Submarket

| Submarket                        | 2016      | 2025 YTD  | 2016 to 2025<br>Absolute<br>Change | 2016 to 2025<br>Percent Change |
|----------------------------------|-----------|-----------|------------------------------------|--------------------------------|
| Redmond                          | 4,320,000 | 4,310,000 | -10,000                            | -0.2%                          |
| <i>Other Eastside Submarkets</i> |           |           |                                    |                                |
| Woodinville                      | 5,860,000 | 6,450,000 | 590,000                            | 10.1%                          |
| Kirkland                         | 2,150,000 | 2,050,000 | -100,000                           | -4.7%                          |
| Bothell/Kenmore                  | 2,000,000 | 1,700,000 | -300,000                           | -15.0%                         |
| Bellevue                         | 2,790,000 | 1,680,000 | -1,110,000                         | -39.8%                         |
| Newport/Issaquah                 | 1,310,000 | 1,310,000 | -                                  | -                              |
| 520 Corridor                     | 330,000   | 330,000   | -                                  | -                              |
| <i>Other Submarkets</i>          |           |           |                                    |                                |
| Everett CBD                      | 3,120,000 | 3,810,000 | 690,000                            | 22.1%                          |
| Edmonds/Lynnwood                 | 2,760,000 | 2,590,000 | -170,000                           | -6.2%                          |
| Mill Creek/N Creek               | 1,960,000 | 2,280,000 | 320,000                            | 16.3%                          |
| Northgate/N Seattle              | 1,430,000 | 1,410,000 | -20,000                            | -1.4%                          |

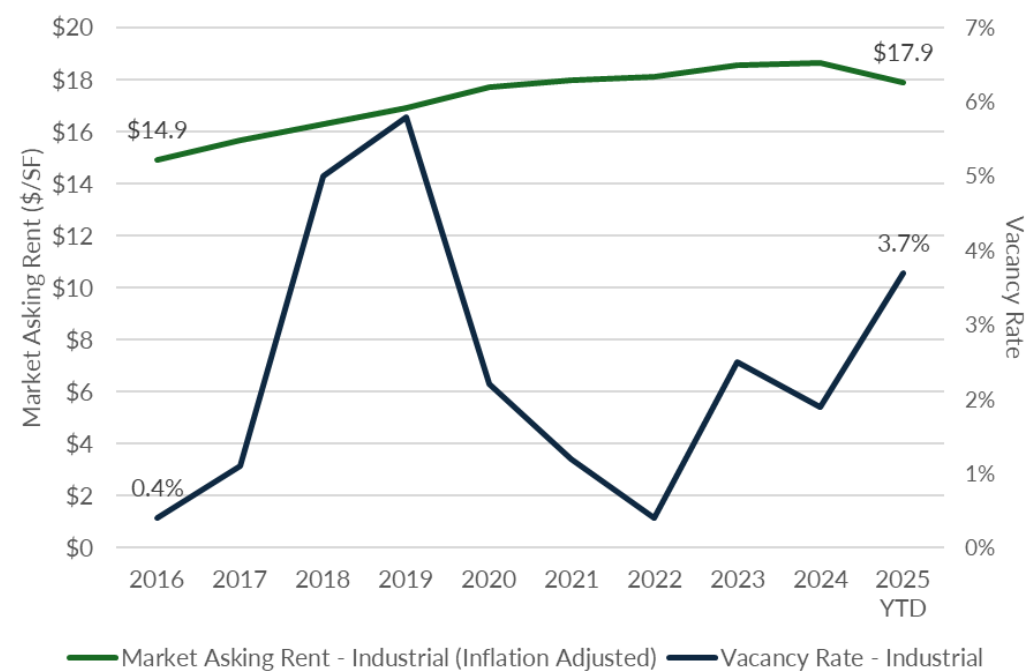
Sources: CoStar, 2025; BERK, 2025.

Industrial rents in Redmond have seen a steady annual increase of 2.1% since 2016 to \$17.9 per SF in 2025. The submarket's vacancy rate has been highly volatile over the last decade, reaching a high of 5.8% in 2019 from 0.4% in 2016, and currently sitting at 3.7% in 2025.

The market rent for industrial space in Redmond is \$17.9 per SF, lower than most other submarkets on the Eastside except Woodinville, but significantly higher than Everett CBD (Exhibit 33). Rents average around \$18.3 per SF for logistics buildings and \$16.5 for specialized buildings in Redmond. The Redmond submarket industrial rent increased by \$3 per SF from 2016 to 2025 after adjusting for inflation (Exhibit 31). This represents an average annual increase of 2.1% per year, which is on par with most other submarkets except for Woodinville, the 520 Corridor, and Northgate/N Seattle which experienced slower rent growth.

The industrial vacancy rate in the Redmond submarket has been far more volatile than the asking rent, showing dramatic fluctuations in the past decade. Industrial vacancy rate was at a very low 0.4% in 2016 before surging to its highest point of 5.8% in 2019 and then dropping back to 0.4% in 2022 (Exhibit 31). Since 2022, the vacancy rate has been on a sharp upward trajectory, reaching 3.7% in 2025. This is higher than the submarket's five-year average of 1.9% and the 10-year average of 2.4% (Exhibit 32). On the Eastside, Redmond has historically had a lower industrial vacancy rate than Woodinville and Bothell/Kenmore submarkets, as well as the Mill Creek/N Creek submarket to the north.

Exhibit 32. Redmond Industrial Market Asking Rent and Vacancy Rate



Sources: CoStar, 2025; BERK, 2025

Exhibit 33. Industrial Vacancy Rate by Submarket

| Submarket                 | 2025 YTD | 5-Year Avg | 10-Year Avg |
|---------------------------|----------|------------|-------------|
| Redmond                   | 3.7%     | 1.9%       | 2.4%        |
| Other Eastside Submarkets |          |            |             |
| Woodinville               | 4.9%     | 3.3%       | 3.2%        |
| Kirkland                  | 1.7%     | 2.1%       | 2.2%        |
| Bothell/ Kenmore          | 4.5%     | 4.0%       | 3.4%        |
| Bellevue                  | 1.4%     | 0.4%       | 0.7%        |
| Newport/ Issaquah         | 1.4%     | 0.5%       | 0.9%        |
| 520 Corridor              | 0.0%     | 0.0%       | 1.1%        |
| Other Submarkets          |          |            |             |
| Everett CBD               | 0.9%     | 1.2%       | 1.2%        |
| Edmonds/ Lynnwood         | 2.6%     | 2.8%       | 2.2%        |
| Mill Creek/ N Creek       | 11.1%    | 3.1%       | 2.2%        |
| Northgate/ N Seattle      | 2.6%     | 2.0%       | 1.9%        |

Sources: CoStar, 2025; BERK, 2025.

**Exhibit 34. Industrial Market Rent (Inflation Adjusted) by Submarket**

| Submarket                        | 2016 (\$/SF) | 2025 YTD (\$/SF) | 2016-2025 CAGR |
|----------------------------------|--------------|------------------|----------------|
| Redmond                          | \$14.9       | \$17.9           | 2.1%           |
| <i>Other Eastside Submarkets</i> |              |                  |                |
| Woodinville                      | \$13.7       | \$16.2           | 1.9%           |
| Kirkland                         | \$15.2       | \$18.4           | 2.1%           |
| Bothell/Kenmore                  | \$15.1       | \$18.0           | 2.0%           |
| Bellevue                         | \$17.0       | \$20.4           | 2.1%           |
| Newport/Issaquah                 | \$18.9       | \$22.9           | 2.2%           |
| 520 Corridor                     | \$17.5       | \$20.1           | 1.6%           |
| <i>Other Submarkets</i>          |              |                  |                |
| Everett CBD                      | \$11.3       | \$13.7           | 2.2%           |
| Edmonds/Lynnwood                 | \$14.2       | \$16.9           | 2.0%           |
| Mill Creek/N Creek               | \$14.4       | \$17.4           | 2.1%           |
| Northgate/N Seattle              | \$16.4       | \$19.1           | 1.7%           |

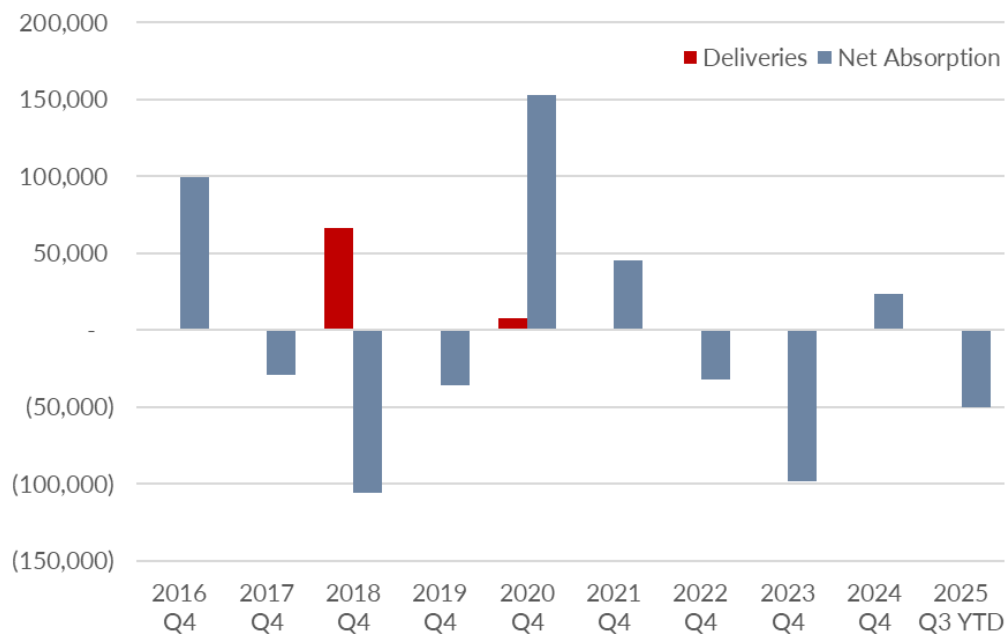
Sources: CoStar, 2025; BERK, 2025.

From 2016 to 2025, the Redmond industrial real estate market was characterized by a lack of new construction and negative net absorption, in contrast to the more active Woodinville and Everett submarkets.

As of the third quarter of 2025, there is no industrial space under construction in Redmond. The industrial real estate market was not very active in the Redmond submarket between 2016 and 2025 (Exhibit 34). Only three buildings with a total of approximately 74,000 square feet were delivered during this period. In comparison, Woodinville and Everett submarkets had almost 700,000 SF each of industrial space deliveries. Bothell/Kenmore also had a notable amount of new deliveries at 82,500 SF, while other submarkets like Kirkland, Newport/Issaquah, and the 520 Corridor had no recorded new deliveries (Exhibit 35).

Annual net absorption in Redmond was a negative 5,300 SF on average from 2016 to 2025, indicating that more space was vacated than occupied each year. Several other submarkets also showed significant negative absorption, including Bellevue (-111,600 SF), Bothell/Kenmore (-31,100 SF), and Edmonds/Lynnwood (-20,000 SF). Conversely, Woodinville (59,800 SF) and Everett CBD (69,200 SF) saw strong positive absorption, reflecting stronger demand for the new space delivered in those areas.

**Exhibit 35. Redmond Industrial Net Absorption and Net Deliveries (SF), 2016-2025**



Sources: CoStar, 2025; BERK, 2025.

**Exhibit 36. Industrial Deliveries and Average Annual Net Absorption by Submarket, 2016-2025**

| Submarket                        | Total Deliveries (SF) | Average Annual Net Absorption (SF) |
|----------------------------------|-----------------------|------------------------------------|
| Redmond                          | 73,800                | -5,300                             |
| <i>Other Eastside Submarkets</i> |                       |                                    |
| Woodinville                      | 698,000               | 59,800                             |
| Kirkland                         | -                     | -2,000                             |
| Bothell/ Kenmore                 | 82,500                | -31,100                            |
| Bellevue                         | 20,000                | -111,600                           |
| Newport/ Issaquah                | -                     | 1,800                              |
| 520 Corridor                     | -                     | -                                  |
| <i>Other Submarkets</i>          |                       |                                    |
| Everett CBD                      | 695,700               | 69,200                             |
| Edmonds/ Lynnwood                | 9,400                 | -20,000                            |
| Mill Creek/ N Creek              | 487,600               | 8,800                              |
| Northgate/ N Seattle             | -                     | -3,400                             |

Sources: CoStar, 2025; BERK, 2025.

## Flex

Despite its large size compared to other submarkets, Redmond's flex space inventory has remained stagnant over the past decade, mirroring a broader lack of growth across the region.

The Redmond flex submarket contains roughly 3.9 million square feet (SF) of inventory, only slightly less than in 2016 (Exhibit 36). Redmond has the highest inventory of flex space of all comparison submarkets, with similar levels only in Bothell/ Kenmore. Flex inventory has not seen any growth in the past decade with most submarkets experiencing no change in inventory or a decline.

### Exhibit 37. Flex Inventory by Submarket

| Submarket                        | 2016      | 2025 YTD  | 2016 to 2025<br>Absolute<br>Change | 2016 to 2025<br>Percent Change |
|----------------------------------|-----------|-----------|------------------------------------|--------------------------------|
| Redmond                          | 3,920,000 | 3,880,000 | -40,000                            | -1.0%                          |
| <i>Other Eastside Submarkets</i> |           |           |                                    |                                |
| Bothell/ Kenmore                 | 3,810,000 | 3,810,000 | -                                  | -                              |
| Kirkland                         | 1,210,000 | 1,210,000 | -                                  | -                              |
| Bellevue                         | 880,000   | 820,000   | -60,000                            | -6.8%                          |
| 520 Corridor                     | 780,000   | 690,000   | -90,000                            | -11.5%                         |
| Newport/ Issaquah                | 670,000   | 670,000   | -                                  | -                              |
| Woodinville                      | 490,000   | 490,000   | -                                  | -                              |
| <i>Other Submarkets</i>          |           |           |                                    |                                |
| Everett CBD                      | 340,000   | 340,000   | -                                  | -                              |
| Edmonds/ Lynnwood                | 280,000   | 170,000   | -110,000                           | -39.3%                         |
| Mill Creek/ N Creek              | 150,000   | 150,000   | -                                  | -                              |
| Northgate/ N Seattle             | 120,000   | 120,000   | -                                  | -                              |

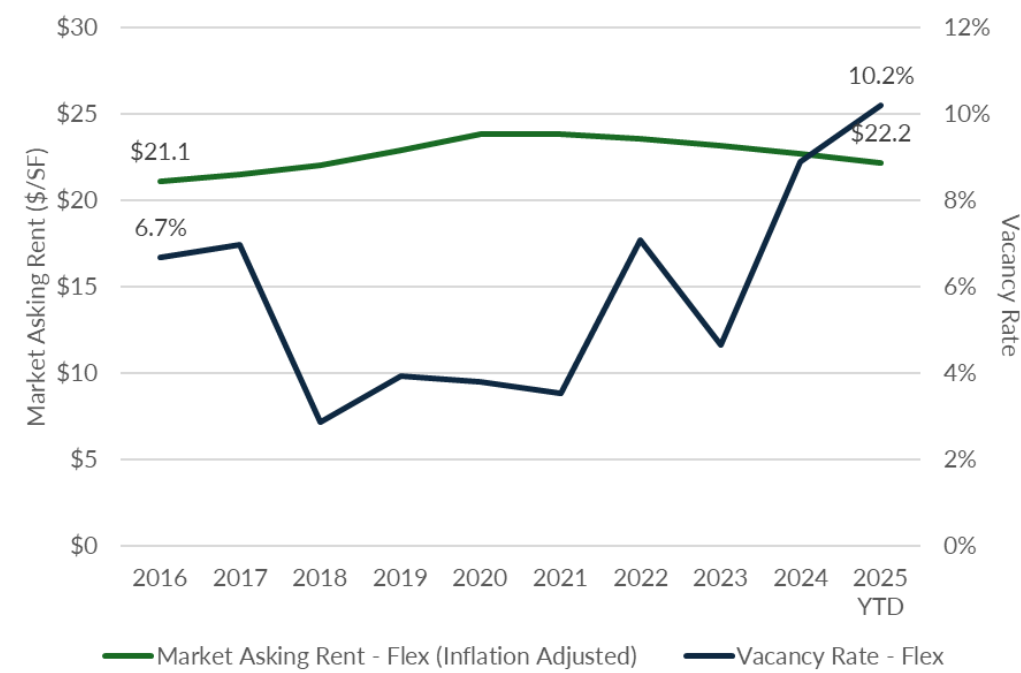
Sources: CoStar, 2025; BERK, 2025.

Redmond's flex space asking rent grew has been declining since 2020 to \$22.2 in 2025. At the same time, its vacancy rate increased by 170% to 10.2%, making it one of the highest on the Eastside.

Redmond saw its asking rent per square foot for flex space increase from \$21.1 to a high of \$23.8 in 2021 and then decline to \$22.2 in 2025 (after adjusting for inflation). This represents a Compound Annual Growth Rate (CAGR) of 0.6% from 2016 to 2025, indicating a steady, but much slower appreciation of rental values than for industrial space. When compared to other Eastside submarkets, Redmond's rent growth for flex space is slightly higher than Bothell/ Kenmore and the 520 Corridor submarkets, which both had a CAGR of 0.5%, and matched Bellevue's rent growth. All other submarkets (like Kirkland, Woodinville, and Everett CBD) showed slightly higher rental price appreciation over the 10-year period with CAGRs of 0.7% and 0.8%, respectively.

Redmond’s vacancy rate for flex space more than tripled between 2018 and 2025, increasing from 2.9% to 10.2%. This is higher than both the five- and 10-year averages. This is one of the highest vacancy rates for flex space on the Eastside and much higher than most other submarkets to the north except Everett.

**Exhibit 38. Redmond Flex Market Asking Rent and Vacancy Rate, 2016-2025**



Sources: CoStar, 2025; BERK, 2025.

**Exhibit 39. Flex Vacancy Rate by Submarket**

| Submarket                        | 2025 YTD | 5-Year Avg | 10-Year Avg |
|----------------------------------|----------|------------|-------------|
| Redmond                          | 10.2%    | 6.9%       | 5.9%        |
| <i>Other Eastside Submarkets</i> |          |            |             |
| Bothell/ Kenmore                 | 10.7%    | 8.7%       | 8.9%        |
| Kirkland                         | 6.0%     | 3.9%       | 3.4%        |
| Bellevue                         | 6.6%     | 6.0%       | 5.1%        |
| 520 Corridor                     | 6.0%     | 7.2%       | 5.3%        |
| Newport/ Issaquah                | 9.3%     | 11.6%      | 7.7%        |
| Woodinville                      | 2.5%     | 3.4%       | 3.4%        |
| <i>Other Submarkets</i>          |          |            |             |
| Edmonds/ Lynnwood                | 0.4%     | 1.2%       | 1.3%        |
| Everett CBD                      | 17.0%    | 11.0%      | 6.0%        |

|                      |      |      |      |
|----------------------|------|------|------|
| Northgate/ N Seattle | 1.6% | 0.6% | 0.7% |
| Mill Creek/ N Creek  | 1.8% | 2.6% | 1.9% |

Sources: CoStar, 2025; BERK, 2025.

#### Exhibit 40. Flex Market Rent (Inflation Adjusted) by Submarket

| Submarket | 2016 (\$/SF) | 2025 YTD (\$/SF) | 2016-2025 CAGR |
|-----------|--------------|------------------|----------------|
| Redmond   | \$21.1       | \$21.5           | 0.6%           |

##### *Other Eastside Submarkets*

|                   |        |        |      |
|-------------------|--------|--------|------|
| Bothell/ Kenmore  | \$23.9 | \$24.9 | 0.5% |
| Kirkland          | \$21.0 | \$22.4 | 0.7% |
| Bellevue          | \$23.5 | \$24.8 | 0.6% |
| 520 Corridor      | \$23.7 | \$24.8 | 0.5% |
| Newport/ Issaquah | \$24.6 | \$25.5 | 0.4% |
| Woodinville       | \$19.4 | \$20.6 | 0.7% |

##### *Other Submarkets*

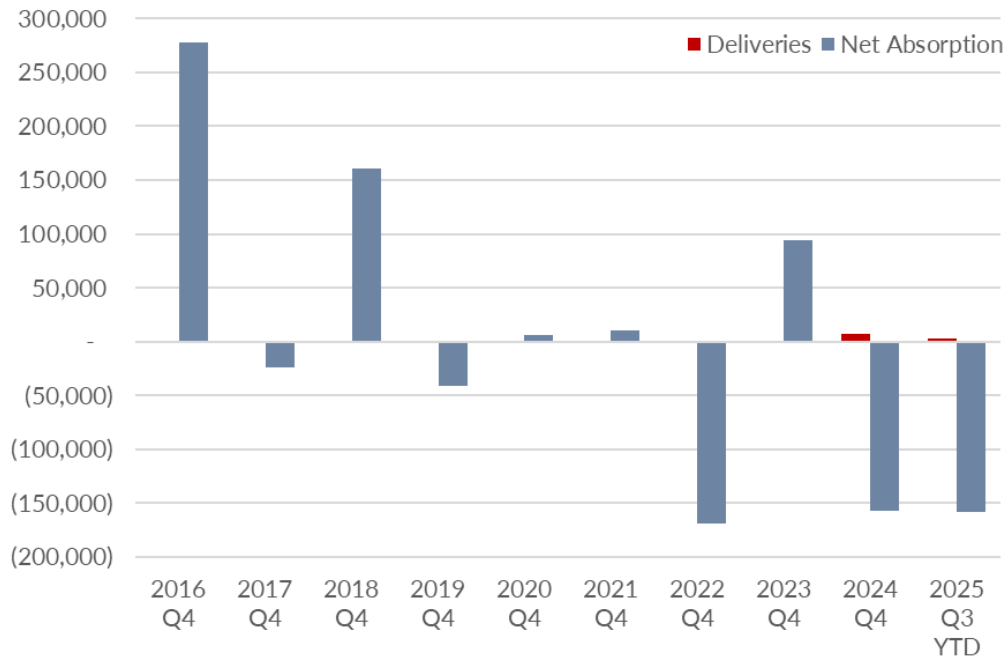
|                      |        |        |      |
|----------------------|--------|--------|------|
| Edmonds/ Lynnwood    | \$19.0 | \$20.2 | 0.7% |
| Everett CBD          | \$15.8 | \$17.0 | 0.8% |
| Northgate/ N Seattle | \$24.2 | \$25.8 | 0.7% |
| Mill Creek/ N Creek  | \$22.5 | \$23.9 | 0.7% |

Sources: CoStar, 2025; BERK, 2025.

During the period of 2016-2025, Redmond's flex space market had a minimal amount of new construction (10,000 SF) and experienced negative net absorption, a trend shared by most other submarkets with the exception of Bothell/ Kenmore, Woodinville, and Edmonds/ Lynnwood.

As of the third quarter of 2025, there is no flex space under construction in Redmond. Only 10,000 SF of flex space were delivered since 2016. This is the most of all comparison submarkets, with most submarkets having no deliveries of flex space during this period. Annual net absorption averaged a negative 170 SF annually. Only Bothell/ Kenmore, Woodinville, and Edmonds/ Lynnwood had positive average annual net absorption between 2016 and 2025.

**Exhibit 41. Redmond Flex Net Absorption and Net Deliveries (SF), 2016-2025**



Sources: CoStar, 2025; BERK, 2025.

**Exhibit 42. Flex Deliveries and Average Annual Net Absorption by Submarket, 2016-2025**

| Submarket                        | Total Deliveries (SF) | Average Annual Net Absorption (SF) |
|----------------------------------|-----------------------|------------------------------------|
| Redmond                          | 10,000                | -170                               |
| <i>Other Eastside Submarkets</i> |                       |                                    |
| Bothell/ Kenmore                 | -                     | 23,500                             |
| Kirkland                         | -                     | -120                               |
| Bellevue                         | -                     | -7,100                             |
| 520 Corridor                     | -                     | -12,600                            |
| Newport/ Issaquah                | -                     | -5,300                             |
| Woodinville                      | 2,700                 | 4,700                              |
| <i>Other Submarkets</i>          |                       |                                    |
| Edmonds/ Lynnwood                | -                     | 4,100                              |
| Everett CBD                      | -                     | -2,500                             |
| Northgate/ N Seattle             | -                     | -11,100                            |
| Mill Creek/ N Creek              | -                     | -60                                |

Sources: CoStar, 2025; BERK, 2025.

# Demand Drivers and Market Dynamics

## Regional Market Forces

The PSRC Industrial Lands Analysis study from August 2024 finds that the demand for industrial and flex space in the Puget Sound region is being driven by a combination of traditional and emerging economic sectors. Traditional mainstays like aerospace, information technology, e-commerce, and maritime continue to attract both domestic and international interest in industrial spaces. Simultaneously, newer sectors such as the space economy, green economy, and advanced manufacturing are increasingly seeking a physical presence for research and development (R&D), design and prototyping, and light production. In response to these changes, some local governments are updating industrial land policies to accommodate newer types of activity, such as R&D.

The trend toward hybrid work models and a general "urban-suburban shift" is also fueling demand for flexible spaces in suburban hubs like Redmond, which offer a blend of office and industrial capabilities. Companies want the ability to scale up or down as needed and are opting for on-demand office space, coworking hubs, and satellite locations. Smaller tech firms and startups may be looking for smaller, more adaptable spaces that allow them to scale up and down without committing to a long-term lease, especially in a high-cost market. A significant trend is also the rebalancing of demand from urban centers to suburban and secondary markets. Businesses are moving to these areas to accommodate hybrid workers and reduce overhead. While Redmond has a thriving downtown, it is also a suburban hub itself, attracting businesses and workers who want to be near major companies but not in the heart of Seattle.

Lastly, the COVID-19 pandemic accelerated the shift to online shopping, leading to an increased demand for warehousing and last-mile logistics space to support rapid delivery services. Flex spaces, which offer a mix of warehouse and office capabilities, are ideal for logistics companies and direct-to-consumer brands that need short-term, adaptable solutions.

## Local Market Forces

Redmond faces two distinct trends that can impact industrial growth in the SE-MIC: affordability issues due to rising rents and land prices and the risk of displacement due to redevelopment. The rapid growth and redevelopment of older buildings, often for housing and large-scale, high-value commercial tenants, in Redmond, is displacing a variety of businesses that occupy flex space, such as gymnastics studios, breweries and small-scale manufacturers. Businesses are being displaced from older buildings with lower rents, only to find that the cost of new space can be two to four times higher than what they were previously paying. Industrial and flex space rents in Redmond have been rising steadily and although they are relatively lower than in other Eastside communities, they remain higher than competing submarkets like Woodinville. The real estate market data shows that while demand for flex space is present, the submarket's vacancy rate is particularly high, reaching 10.2% in 2025, which is notably higher than its historical average. This contradiction—high vacancy despite demand—points to a critical supply-demand mismatch.

As corroborated by stakeholder interviews, developers are unlikely to construct new industrial buildings without the certainty of a large, long-term anchor tenant to justify the investment. This leads to the construction of large-format, office-heavy flex spaces which, while appealing to major tech firms, do not meet the 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. These businesses, which include small-scale manufacturers, artisan producers, craft breweries and distilleries, and recreational facilities, require "smaller unit sizes" with minimal office build-out and features like "roll up doors", "high ceilings", and "catering kitchens". They may also have retail-facing components, requiring more parking and public access than traditional industrial tenants. The current development model does not provide a viable replacement for the spaces these businesses occupy. Additionally, the affordability gap is causing small and mid-sized businesses to struggle against large corporations for space.

### ***Likely Future Industries and Businesses***

Based on market analysis and stakeholder feedback, the following types of industries and businesses present opportunities for the SE-MIC:

- **High-Value, Technology-Driven Industries:** The area's existing ecosystem of light industrial and technology-driven companies, such as **advanced manufacturing, robotics, and aerospace**, makes it a prime location for these sectors. Companies involved in space, satellites, and clean tech are strong areas of demand, exemplified by businesses like Amazon's Project Kuiper and SpaceX. These businesses often require specialized facilities with high power and vertically integrated space for research, prototyping, and manufacturing.
- **E-commerce and Distribution:** Businesses focused on **last-mile distribution** are likely to seek space in the SE-MIC due to its strategic location and proximity to a large customer base.
- **Small-Scale and Legacy Businesses:** The area could also aim to attract **small-scale manufacturing**, including **breweries, distilleries, and recreational uses**, which are being displaced from other areas of Redmond. The preservation of industrial zoning in the SE-MIC aims to provide compatible inventory for these types of businesses, which are essential for economic diversity. However, affordability remains a significant challenge for these smaller businesses.

# Stakeholder Engagement Findings

## Engagement Approach

Stakeholder engagement was conducted to supplement existing data and provide grounded perspectives on the SE-MIC. The key stakeholders engaged included existing SE-MIC businesses and property owners, industrial real estate professionals, Redmond businesses at risk of displacement, businesses seeking industrial space, and economic development partners. Engagement activities included ten interviews and two focus groups with a total of seven businesses. *Appendix C* includes a detailed list of participants.

The engagement activities aimed to gather information on current SE-MIC businesses' long-term plans, locational preferences, facility needs, and perspectives on development constraints; location preferences and desired site attributes of possible tenants; strengths, challenges, and development opportunities of the SE-MIC; market demand drivers, trends, and expected growth; and policies or programs the City could implement to support desired growth patterns. The process was intended to ensure meaningful opportunities for stakeholders to share their needs, while providing early access to input to inform analysis and engagement strategy.

## Engagement Findings

The following section summarizes insights from engagement. Key themes heard are organized under the following categories: Strengths; Challenges and Barriers; Desired Site Features; Market Demand and Trends; and Opportunities.

### *Strengths of the SE-MIC*

The site offers significant opportunities for economic and industry growth. Redmond is well-known as positioned well for light industrial, technology, and space development and carries a reputation as the “satellite capital of the world.” Interviewees felt that the center's strength is primarily the existing ecosystem in Redmond of light industrial, technology, and space development that other businesses are drawn to.

The availability of a strong talent pool is a clear advantage. Interviewees emphasized the benefit of locating in the SE-MIC is that Redmond already attracts skilled professionals. This creates an ecosystem of expertise that the center can tap into. Being close to other professionals in the field also provides opportunities for collaboration, networking, and innovation.

Transportation access was cited as a strength of the center. Although some interviewees noted the center does not have close access to I-5, I-90, or port access, as may be needed for larger industrial businesses, others said the proximity to SR 520 meant the site is well served by truck and freight infrastructure, which can support smaller industrial and commercial needs.

Interviewees also highlighted the new light rail station nearby and adequate parking in the SE-MIC as strengths for workforce development.

## *Challenges or Barriers*

High costs and affordability issues were cited as one of the most significant barriers. Rent and land costs in Redmond are much higher than in competing industrial locations, making it difficult for small manufacturers or light industrial employers to afford space. One interviewee also mentioned that the cost of any contamination cleanup fees or traffic mitigation costs may make development in this area unaffordable for them.

There are potential displacement concerns. Land and rent in Redmond are already very expensive relative to other cities with industrial businesses. As the local smaller blue collar and manufacturing businesses that currently exist in this area must compete for space and leasing in the area with larger technology or space businesses, rising rents are likely to force many of these local businesses to relocate to more affordable areas.

Workforce and housing affordability are major barriers to sustaining industrial activity. Respondents emphasized that the cost of living in Redmond makes it very difficult for small industrial and manufacturing workers to live nearby. There is worry that continued growth of large tech employers will drive up housing, energy, and living cost. The workforce is also being pulled away by large tech and aerospace companies that offer higher wages, making it challenging for small and light manufacturing businesses to recruit and retain employees.

Equity and community impacts are important considerations in determining appropriate industries for the center. The proximity of residential neighborhoods raises concerns about the negative impacts of industrial activity, including air quality, noise, and pollution. This may indicate that the SE-MIC may be better suited for smaller scale or light industrial, rather than large scale manufacturing and industrial.

There are some traffic congestion concerns. Some interviewees noted that local traffic flow is a challenge, particularly bottlenecks around commute hours. These conditions discourage some businesses and employees, who may locate elsewhere where access is easier, and congestion is less of a barrier.

Existing buildings may not meet ideal physical layout needs. Several interviewees noted that the buildings have low ceiling heights, outdated layouts, and need upgrades or redevelopment.

## *Desired Site Features*

There were differing perspectives on parking. Interviewees from artisan manufacturing businesses with customer-facing retail needs emphasized the importance of having more parking than is typical for traditional industrial sites. In contrast, a manufacturing and industrial tenant felt that Redmond's parking requirements were excessive and created unnecessary costs and barriers to development.

Desired site features emphasize open floor plans and flexible layouts over traditional office spaces. Interviewees showed a strong preference for buildings with more manufacturing and open space and limited office space. Traditional flex buildings with more than 5% office space were described as sitting idle on the market. There is demand for spaces where R&D, prototyping, and testing can happen in the same site – particularly for aerospace and satellite-related companies. Other desired features included clear heights of at least 24 feet to accommodate high pallet racking, roof access with clear lines of sight for space-oriented startups, air conditioning, catering kitchens, and proper ventilation.

Interviewees identified a wide range of space size demands, reflecting the diverse mix of users interested in the SE-MIC. Real estate professionals noted that the strongest demand is for larger spaces between 20,000 and 100,000 square feet, with minimal office build-out and ample loading capacity. At the same time, there is also demand for smaller R&D-oriented spaces in the 10,000–20,000 square foot range. Several interviewees also emphasized the need for much smaller spaces, around 1,500–2,000 square feet, to support artisan manufacturers, startups, and other small-scale producers.

The workforce profile influences the demand for amenities. As the site is expected to attract a highly educated technical workforce, interviewees noted that such employees will expect a greater set of surrounding amenities, including dining options and potentially mixed-use spaces, that do not currently exist. Some interviewees saw dining and housing as essential to attracting and retaining workers, while others focused more narrowly on workplace infrastructure itself.

### *Market Demands and Trends*

Overall demand for light industrial and flex space is present but evolving. Respondents noted that while vacancy rates have increased from historic lows (around 2% pre-2022) to approximately 8% today, the market remains relatively stable and healthy. Many of the best spaces continue to lease quickly, while less desirable buildings with excessive office space sit on the market. The demand profile has shifted somewhat post-COVID, with businesses right-sizing after signing long-term leases during the pandemic. Flex and light industrial space are still needed in the area, though businesses are slower to move in due to cost pressures and competition from large corporate tenants.

High-tech and advanced manufacturing, such as deep space, satellites, robotics, and clean tech, remain strong areas of demand. Companies like Amazon’s Project Kuiper and SpaceX exemplify the type of high-value, R&D-heavy tenants that are interested in this region. These users typically need high power and vertically integrated space for R&D, prototyping, and manufacturing.

Traditional light manufacturing and distribution still play an important role. Interviewees suggested that light industrial, light manufacturing, and last-mile distribution centers are among the industries most likely to succeed here. Distribution users in particular are constrained by location and want to remain close to their customer base, making Redmond an attractive option despite high costs. At the same time, many smaller or legacy manufacturing companies are being squeezed out by rising rents, with rates having doubled per square foot in recent years. This affordability gap highlights equity concerns as long-standing local businesses struggle to compete with large corporations.

There is notable interest in supporting recreational and retail Redmond businesses, especially those at risk of displacement from Marymoor business parks, such as breweries, distilleries, coffee roasters, and gyms. These uses seek warehouse-style spaces with both front-facing retail and back-of-house production. Affordability makes it difficult for them to secure space in this competitive market.

Cost and development feasibility create constraints for new supply. Developers are highly unlikely to construct new industrial buildings in Redmond given the high land costs and limited return on investment, unless a long-term anchor tenant is secured. Even if industrial uses were mandated, one interviewee felt developers would be reluctant to upgrade or replace buildings and felt the space would not be developed.

Some felt a diversified industry mix is likely the most resilient strategy. Interviewees suggested that while high-tech manufacturing and aerospace are currently seeking space, keeping the SE-MIC a mix of

R&D, advanced manufacturing, light industrial, distribution and recreation/ community-serving businesses may provide more stable long-term demand and balance market cycles of high-tech manufacturing and aerospace.

### *Opportunities for the City of Redmond*

Streamlining permitting and providing predictability of timelines and fees were among the strongest requests for the City. Long delays were seen as a major barrier, adding costs and discouraging investment. Respondents also suggested easing certain requirements, such as Redmond's parking requirements, and providing flexibility to make permitting more efficient and business friendly. One property owner noted that their parcel falls under three different zoning designations, highlighting the need for clearer and more consistent zoning or additional support from the City.

Affordable workforce housing emerged as a critical need. Respondents consistently highlighted that blue collar and industrial workers are priced out of Redmond, forcing long commutes and making it difficult for small manufacturers to compete for labor. They expressed a strong desire for the City to support affordable housing options tied to the workforce, though some acknowledged that short of subsidizing rent, it would be very difficult to prevent displacement.

Workforce development and education partnerships are another opportunity. Many interviewees felt that a secondary education institution would be beneficial for the workforce in Redmond, or partnerships between industry and existing local educational institutions, such as Bellevue College, University of Washington, or Lake Washington Institute of Technology. One interviewee pointed to successful models like Tesla's partnership with Shoreline College, where students are trained and then hired directly by the employer. Some existing local programs in technical trades, electronics, and advanced manufacturing have struggled with a lack of applicants.

Improving communication and marketing of the SE-MIC was seen as an important opportunity. Interviewees suggested that the City could dedicate a portion of its website to highlighting the center, showcasing nearby amenities, and profiling businesses already located there. Clear messaging about what the SE-MIC offers would help attract both employers and workers. Some also felt the City could take a more active role in building relationships with brokers, developers, and private-sector leaders to improve recruiting and reinforce Redmond's reputation as a supportive place for business.

Small and artisan manufacturers looking for industrial space emphasized the need for policies in the SE-MIC to help preserve their space. Proposed strategies included incentivizing smaller unit sizes, creating an "artisan manufacturing" designation, and steering developers to preserve affordable, small-scale spaces rather than only building for large corporate users.

# Appendix I. King County Centers Designation Framework Countywide Industrial Centers Eligibility and Criteria

| Center Eligibility and Criteria    | Countywide Industrial Centers                                                                                                                                                                                                                                                        |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Center Eligibility                 |                                                                                                                                                                                                                                                                                      |
| A. Local and Countywide Commitment | <ol style="list-style-type: none"> <li>Center identified in Comprehensive Plan</li> <li>Demonstrate center is local priority for growth and investments and area has important county role and concentration of industrial land or jobs with evidence of long-term demand</li> </ol> |
| B. Planning                        | <ol style="list-style-type: none"> <li>Completed center plan meeting Plan Review Manual specifications</li> <li>Environmental review shows area appropriate for density</li> <li>Documentation of community engagement, including with priority populations</li> </ol>               |
| C. Jurisdiction and Location       | New Centers should be in cities or unincorporated urban                                                                                                                                                                                                                              |
| D. Existing Conditions             | Infrastructure and utilities can support growth                                                                                                                                                                                                                                      |
| E. Boundaries                      | Justification for center boundaries                                                                                                                                                                                                                                                  |
| F. Transportation                  | <ol style="list-style-type: none"> <li>Center has bicycle and pedestrian infrastructure and amenities: defined transportation demand management strategies in place</li> <li>Freight access</li> </ol>                                                                               |
| Center Criteria                    |                                                                                                                                                                                                                                                                                      |
| A. Purpose                         | Compatibility with VISON centers concept, Regional Growth Strategy and Multicounty Planning Policies                                                                                                                                                                                 |
| B. Activity level/ Zoning          | <ol style="list-style-type: none"> <li>Existing activity: 1,000 existing jobs and/or 500 acres of industrial land</li> </ol>                                                                                                                                                         |

|                     |                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                     | <ol style="list-style-type: none"> <li>2. Planned activity: 4,000 jobs</li> <li>3. Sufficient zoned capacity: Should have capacity and be planning for at least the planned activity level</li> <li>4. Planned mix of housing types and employment types: At least 50% of the employment must be industrial employment. Strategies to retain industrial uses are in place</li> </ol>          |
| C. Geographic Size  | <ol style="list-style-type: none"> <li>1. Minimum size: 1,000 existing jobs and/ or 500 acres of industrial land</li> <li>2. Maximum size: No set threshold; size based on justification for the boundary.</li> </ol>                                                                                                                                                                         |
| D. Transit          | <ol style="list-style-type: none"> <li>1. Existing or planned transit service levels: Should have local fixed-route or flexible transit service.</li> <li>2. Transit-supportive infrastructure: Supports connection/ transfers between routes and other modes, and increases amenities to make transit an inviting option.</li> </ol>                                                         |
| E. Market Potential | <ol style="list-style-type: none"> <li>1. Evidence of future market potential to support target and planned densities: Market Study encouraged</li> <li>2. Market data will inform adoption of land use, housing, economic development, and investment strategies, including equitable development strategies: Encouraged within Market Study, tailored for industrial employment.</li> </ol> |
| F. Role             | <ol style="list-style-type: none"> <li>1. Evidence of regional or countywide role by serving as important destination</li> <li>2. Planning for long-term, significant, and equitable growth</li> </ol>                                                                                                                                                                                        |
| G. Zoning           | <ol style="list-style-type: none"> <li>1. Specific zones required: At least 75% of land area zoned for core industrial uses.</li> <li>2. Specific zones prohibited: Commercial uses within core industrial zones shall be strictly limited.</li> </ol>                                                                                                                                        |

Sources: GMPC Motion 24-2 which amended the planning expectations for Countywide Centers in the King county CPPs, September 18, 2024.

# Appendix II. Industrial Activities Definition

| Industrial Employment                        |                        |                                                  |
|----------------------------------------------|------------------------|--------------------------------------------------|
| Industry                                     | NAICS                  | Subsector                                        |
| Construction                                 | 236, 238               | Builders & Contractors                           |
|                                              | 237                    | Heavy & Civil Construction                       |
| Manufacturing                                | 3364                   | Aerospace                                        |
|                                              | 334, 335               | Electronics & Components                         |
|                                              | 311, 312               | Food & Bev Processing                            |
|                                              | 333, 336 (except 3364) | Machinery & Transportation Equipment             |
|                                              | 331, 332               | Metals & Fabrication                             |
|                                              | 323                    | Printing & Publishing                            |
|                                              | 324-326                | Refining, Chemicals & Plastics                   |
|                                              | 313-316                | Textiles, Apparel & Leather                      |
|                                              | 321, 322               | Wood & Paper Products                            |
|                                              | 327, 337, 339          | Other Manufacturing                              |
| TDL                                          | 48                     | Transportation                                   |
|                                              | 491, 492               | Distribution & Logistics                         |
| Warehousing & Wholesale                      | 493                    | Warehousing                                      |
|                                              | 42                     | Wholesale                                        |
| Information                                  | 51211                  | Video production                                 |
|                                              | 5131                   | Publishing                                       |
|                                              | 516                    | Broadcasting                                     |
|                                              | 517                    | Telecommunications                               |
| Real Estate and Rental and Leasing           | 53113                  | Lessors of Miniwarehouses and Self-Storage Units |
|                                              | 53212                  | Truck Rental and Leasing                         |
|                                              | 5324                   | Machinery/Equipment Rental and Leasing           |
| Admin, support, waste management & utilities | 22                     | Utilities                                        |
|                                              | 561612                 | Security Guards and Patrol                       |
|                                              | 56162                  | Security Systems                                 |
|                                              | 5617                   | Services to Buildings and Dwellings              |
|                                              | 56191                  | Packaging and Labeling                           |
|                                              | 562                    | Waste Management and Remediation                 |
| Special Food Services                        | 72232                  | Caterers                                         |
|                                              | 72233                  | Mobile Food Services                             |
| Other Industrial Services                    | 54138                  | Testing Laboratories                             |
|                                              | 54185                  | Display Advertising                              |
|                                              | 62191                  | Ambulance Services                               |
|                                              | 621991                 | Blood and Organ Banks                            |
|                                              | 62421                  | Community Food services                          |
|                                              | 71394                  | Fitness and Recreational Sports Centers          |
|                                              | 8113                   | Commercial and Industry Equipment Repair         |
|                                              | 811412                 | Appliance Repair and Maintenance                 |
|                                              | 81233                  | Linen and Uniform Supply                         |

Sources: Puget Sound Regional Council, 2015 and 2024; BERK, 2025.

# Appendix III. Engagement Approach and List of Engaged Stakeholders

## Information Needs

The engagement activities were designed to gather information on:

1. Existing businesses' and property owners' long-term plans for the use of their property in the SE-MIC, including their perspective on development opportunities in the area and the pros and cons of their location within the SE-MIC.
2. The locational preferences of Redmond businesses (with a focus on those at risk of displacement) and businesses seeking property in the area for expanding or moving operations, including desired site attributes and facility needs and perspectives on potential development constraints in the SE-MIC.
3. Local and regional perspectives on the SE-MIC's strengths, challenges, and development opportunities.
4. Perspectives on potential industries/businesses that may want to locate or expand in the SE-MIC.
5. Industrial market demand drivers and how much growth Redmond should expect in the SE-MIC.
6. Policies, programs, and other methods that the City of Redmond can implement to attract the level and type of growth anticipated in the Comprehensive Plan.

## Process Goals

Through the stakeholder engagement process, it was intended to:

1. Ensure meaningful opportunities for stakeholders to share information with the City about their challenges and needs.
2. Access key expertise early enough in the process to affect the resulting methods, analysis, and strategies.

## Types of Stakeholders

The following groups of stakeholders were engaged:

- Economic development partners to gather their perspective on the SE-MIC's strengths, challenges, and development opportunities as well as market demand drivers for industrial development in the area and the region.
- Existing businesses and property owners in the SE-MIC to understand if their current SE-MIC facility is adequate for their operations; if they have any other facilities outside of the center; if they have growth or expansion plans; lease terms; their perspective on development opportunities in the area; and the pros and cons of the SE-MIC and their location within it.
- Industrial property real estate professionals engaged in leasing industrial space in Redmond and the Eastside to understand their perception and opinion of the SE-MIC; their experiences in

showing, leasing and/ or selling in the area and the city; perspectives on industrial space needs; and the general trends of the industrial and commercial regional markets.

- Businesses in Redmond (emphasizing those at risk of displacement) and businesses seeking industrial space to understand preferences for locating, expanding, or moving; desired site attributes, and facility needs (type, size, purpose); and perspectives on development constraints.

Below is the list of individuals engaged in this process.

| Organization                                                   | Name               | Title                                                  |
|----------------------------------------------------------------|--------------------|--------------------------------------------------------|
| <b>Economic Development Partners</b>                           |                    |                                                        |
| DigiPen                                                        | Charles Duba       | Senior Vice President, Institutional Advancement       |
| Greater Seattle Partners                                       | Rebecca Lovell     | Chief Operating Officer                                |
| OneRedmond                                                     | Justine Mulholland | Director of Business Expansion                         |
| Puget Sound Energy                                             | Brandon Leyritz    | Local and Government Affairs and Public Policy Manager |
|                                                                | Matt Larson        | Municipal Relations Manager                            |
| <b>Existing SE-MIC Businesses</b>                              |                    |                                                        |
| Amazon                                                         | Pearl Leung        | Senior Manager                                         |
| Heidelberg Materials <i>(Represented by Capstone Partners)</i> | Dave Otis          | Principal                                              |
| <b>Industrial Property Real Estate Professionals</b>           |                    |                                                        |
| Grousemont Properties                                          | Patrick Wiley      | Owner                                                  |
| HINES                                                          | Patrick Woodruff   | Managing Director                                      |
| Hughes Marino                                                  | Austin Lashley     | Managing Director                                      |
| <b>Redmond Businesses</b>                                      |                    |                                                        |
| Design that Matters                                            | Timothy Prestero   | Owner                                                  |
| Madrona Distillery                                             | Tom Allan          | Owner                                                  |
| Redmond Toddler Group                                          | Amy Bodie          | Parent Educator                                        |
| Vehicle Monitor Corporation                                    | Don Lawe           | President                                              |
| <b>Businesses Seeking Industrial Property</b>                  |                    |                                                        |
| Actuate Ventures                                               | Christopher Le     | Owner                                                  |

| Organization                           | Name            | Title                     |
|----------------------------------------|-----------------|---------------------------|
| <b>Astronics</b>                       | David Rhoden    | Vice President Operations |
| <b>Global Social Business Partners</b> | Narima Amin     | Owner                     |
| <b>Rice, Beans, &amp; Happiness</b>    | Victoria Garcia | Owner                     |