

# **Appendix: Landscape Assessment, Data Analysis and Engagement Report**

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## EXECUTIVE SUMMARY

This Data Analysis and Landscape Assessment consists of a qualitative and quantitative assessment of the current market and economic conditions in the City of Redmond in 2023. It will ultimately inform the development of strategic themes and goals for short-term economic development planning efforts of the city. The following quantitative key findings are summarized from analysis that can be read in full in this report.

### People

- At 75,300 in 2022, **Redmond's population has doubled since 1990** and will grow at a faster pace than the Puget Sound region to reach 118,000 by 2050.
- **Redmond's share of people of color has increased from 10% in 1990 to 51% in 2021**, with the highest increase in Asian population.
- **Redmond is the most educated community amongst all benchmark cities.** In 2021, the proportion of residents aged 25 and older with a bachelor's degree or higher was approximately 73% in Redmond.
- Redmond is home to a **younger population** compared to the surrounding Puget Sound Region. Millennials (25-44) are still the most prevalent age group in Redmond.
- **Redmond's median household income (\$147k in 2021) is high compared to the region** and was second only to Mountain View, CA (\$158k) amongst all benchmark communities.
- The proportion of **households that reported self-employed income is lower in Redmond** compared to benchmark cities and the Puget Sound region.
- **Increasing demand and housing shortages in Redmond have led to rising housing costs** and median sales prices rose by 166% since 2012.

### Economy

- **From 2011 to 2021, employment growth in Redmond of 2% per year on average outpaced the Puget Sound Region** average of 1.7% per year and ranked third after Bellevue (1.7%) and Raleigh (1.2%).
- **Roughly 93% of businesses in Redmond have less than 50 employees** and these firms employ just over 18% of all workers in Redmond.
- **Job growth in the past ten years was led by the Information Communication and Technology (ICT) & Interactive Media industry** which accounted for 76% of the 21,000 jobs added between 2012 and 2022. Over the same period, the manufacturing sector lost over 1,000 jobs.
- **ICT & Interactive Media is by far the most concentrated industry in Redmond** - 11 times more concentrated than the US average. Life sciences is the only other industry with a location quotient higher than 1.

- **Microsoft is the leading ICT and Interactive Media presence in Redmond**, with a 502-acre campus employing more than 47,000 workers and an **employment multiplier of 5.9**.
- **Redmond employed computer and mathematical workers at nearly 10 times the national rate in 2022**. The top five occupational categories in Redmond in terms of the number of jobs in 2022 account for 70% of total employment.
- **Redmond ranked sixth on retail sales per capita** among all cities in King and Snohomish County that reported at least \$1 billion in total retail sales or higher in 2022. In 2022, the Furniture, Electronics & Appliances sector reported the largest surplus per capita and was the most concentrated retail sector in Redmond.
- **Redmond has a relatively low share of residents commuting outside the city for work** (68%) among regional peers. Additionally, the average commute for a Redmond resident is on the low end (25 minutes), compared to other Eastside cities.

## Place

- **From 2007 to 2023, Redmond's industrial inventory declined by 2% and vacancy rates have been very low since 2020**. Redmond's industrial vacancy rate experienced an all-time low of .1% in Q3 of 2022 but has since risen to 2.9% - still a too-low rate for the health of the market that may be impeding locations or expansions in the city.
- **Redmond's inventory of office space has not increased significantly for many years and vacancy rates at 5% in Q3 of 2023 are extremely low** by regional standards and relative to most benchmark cities.
- **From 2010 to 2022, Redmond's retail square feet per capita declined by 31%**, the most of all benchmark cities, and retail vacancies at 1% are extremely low.

## INTRODUCTION

### Background and Purpose

The City of Redmond is developing an Economic Development Strategic Plan to guide the city's economic development efforts over the next five years. The Plan will draw on both quantitative and qualitative data to inform goals and strategies and will be in alignment with existing local and regional policies. This report presents foundational data and information to serve the Economic Development Strategic Plan. It also seeks to establish a common understanding of Redmond's historic context, current conditions, and economic outlook to align the city and its economic development partners and stakeholders for strategic decision-making.

### Methods

This report relies on secondary research and information. It is further supplemented by new analysis that fills in identified gaps in data and explores topics of interest for the plan in more detail. The analysis also includes comparisons to five benchmark cities with similar economic profiles and the Puget Sound Region to help provide context on how the city is performing. The benchmark cities include Bellevue, WA; Bothell, WA; Mountain View, CA; Hillsboro, OR; and Raleigh, NC.

Findings from this report will be combined with insights from engagement including business surveys, stakeholder interviews, focus groups, and additional outreach for first-hand perspectives on Redmond's needs.

### Organization of this Report

The remainder of this report is organized as follows:

- **Historic Context.** Where is Redmond today, and how did it get here? This section describes key events in the City's evolution.
- **Landscape Assessment.** This section synthesizes and summarizes key findings from existing or parallel studies, plans, policies, and programs relevant to economic development in Redmond.
- **Redmond in 2023.** Secondary and original data analysis with key findings including assessments of Redmond's people, economy and place and topics of crucial concern to the future of Redmond's economy.
- **SWOT Analysis.** Strengths, Weaknesses, Opportunities and Threats to distill key economic development-related strategic themes from data analyses.

## HISTORY & OVERVIEW

### Redmond's Roots

The land at the confluence of the Sammamish River and Bear Creek was occupied by Coast Salish people for thousands of years before the arrival of the first Europeans in the 1870s. The town of Redmond was incorporated in 1912. Logging and fishing were Redmond's first significant industries until deforestation caused local mills to shut down in the 1920s. Agriculture took root on the town's cleared lands and flourished through World War II.

A small town before the war – with a population of 503 in 1940 when the first Lake Washington floating bridge opened – Redmond began growing in earnest in the years afterward as new bridges across Lake Washington brought more people to the Eastside. In the 1950s and 1960s, the city annexed large tracts of surrounding countryside, growing by over 30 times. In 1963, what is now the SR 520 bridge significantly strengthened Redmond's connection to Seattle, and residential growth in Redmond soared. The late 1970s saw the fastest population growth in Redmond's history, and by that time, technology companies had begun locating in Redmond.

### Post-War Technology and Manufacturing Hub

Post-war technology industries were drawn early on to Redmond due in part to burgeoning nearby shipbuilding and aerospace industries, including Boeing. The first technology company to locate in Redmond was United Control in 1961, a maker of aircraft electronics (today the Honeywell Corporation).<sup>1</sup> In the late 1960s, ex-engineers from Boeing started Rocket Research Company and later relocated to Redmond; the company would go on to become Aerojet Rocketdyne and produce rockets and thrusters for every planetary and interplanetary space mission over the last 50 years<sup>2</sup>.

Some of the largest and most well-known employers would establish themselves in Redmond in the 1980s. Nintendo of America arrived in 1982, and Microsoft moved its headquarters from Bellevue to a 30-acre lot in Redmond in 1986, shortly before going public. The Microsoft campus has experienced several rebuilds over the past three decades and has approximately 47,000 employees working there<sup>3</sup>. Other major companies that ultimately located in Redmond over this period include Eddie Bauer (clothing), Genie Industries (lifting equipment), Physio-Control (medical devices) and Sundstrand (an aircraft equipment maker later absorbed by Honeywell).

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<sup>1</sup> Redmond Historical Society, An Overview of Redmond's History, 2023.

<sup>2</sup> Washington State Department of Commerce, 2023, <http://choosewashingtonstate.com/success-stories/aerojet/>.

<sup>3</sup> The Seattle Times, How Redmond evolved from sleep WA suburb to fast-growing city, 2023.



*Microsoft's original 1980s-era X-shaped buildings. Source(s): [news.microsoft.com](https://news.microsoft.com)*

The wave of employment and population growth in these years drove a period of strip retail growth that affected downtown Redmond, leading some to call for redevelopment. But Redmond experienced a new commercial boom in the 1990s with Redmond Town Center – a major regional shopping center – opening in 1997.



*Redmond Town Center. Source(s): [redmondtowncenter.com](https://redmondtowncenter.com)*

In the early 2000s, Microsoft, the city's largest employer – expanded into the former Safeco Redmond campus. And in 2015, the space industry leapt forward in Redmond as SpaceX (located in the unincorporated Redmond Ridge area) announced the opening of a facility to develop the satellites that deliver Starlink satellite internet connectivity from orbit.



## Planning for Today and Redmond's Future

Major urban planning initiatives are underway today in and around Redmond in Town Center, Overlake, Marymoor Village, the Bel-Red Corridor. These plans have sought to respond to rapid growth by balancing livability and economic dynamism. Recent Town Center rezoning seeks to allow for 12 stories of transit-oriented mixed-use development; while a Marymoor Village plan update envisions mixed-used TOD development with innovative architecture and design in what was previously a manufacturing district, including a light rail station and the only park and ride facility for the coming light rail network in Redmond.

The city's major employment hub at Overlake borders Bellevue's BelRed Road / Spring District area - a growing mixed-used residential and employment zone along the East Link Light Rail Extension between Bellevue and Redmond (with Overlake service scheduled for 2023). Overlake draws talent from all over the world to tech firms like Microsoft, Nintendo, and Honeywell and is the third-largest jobs center in the Puget Sound, with around 48,000 jobs<sup>4</sup>.



*Sound Transit rendering of Redmond Technology Station light rail station in Redmond's Overlake neighborhood. Source(s): soundtransit.org*

In 2023, Redmond is one of the region's most dynamic and fastest growing cities. A vibrant network of parks, trails and local attractions continue to stimulate high demand for housing in Redmond. Rapid housing growth especially impacts residential neighborhoods surrounding the older parts of the city. Major employment centers produce global innovation in tech, space, gaming, and other industries. Residents work throughout the region and local businesses continue to grow in established and emerging industries. This rich history, combined with the trends and outlooks presented

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<sup>4</sup> City of Redmond, 2023.



in subsequent sections, provide the context important to inform the City's Economic Development Strategic Plan.

## **CURRENT ECONOMIC DEVELOPMENT STRUCTURE**

Economic development is a fundamentally coordinated effort between the public and private sectors. There is no one right or best organizational structure. The roles and responsibilities of the economic development partners should reflect their capabilities and strengths in each market.

The major players in Redmond include:

### **City of Redmond**

Economic Development is comprised of one full-time Economic Development Manager and a part-time Economic Development and Tourism Program Administrator position. Economic Development is a division within the City of Redmond Planning and Community Development Department. Economic Development's main functions are:

- Acting as a liaison between businesses and other city departments and a resource to assist with city and other programs.
- Reaching out to businesses and property owners to assist with business retention as needed.
- Supporting business attraction and business retention functions and making businesses aware of programs and resources.
- Connecting small businesses to support resources.

## OneRedmond

OneRedmond is a 501(c)3 and 501(c)6 organization that is the City of Redmond's Chamber of Commerce, Economic Development Enterprise for the Eastside, and Community Foundation all in one.

**As the Chamber of Commerce**, OneRedmond:

- Advocates for small businesses at the local, state, and federal level.
- Provides educational programming.
- Offers networking events.
- Offers members discounts and health insurance benefits.

OneRedmond also contracts with the City of Redmond **as the Economic Development Enterprise** to:

- Support existing businesses with expansion needs.
- Assist businesses interested in locating in Redmond.
- Advocate for workforce development and affordable housing solutions.

Lastly, **in the role of Community Foundation**, OneRedmond:

- Hosts unique, engaging events to connect commerce to community.
- Offers fundraising and grant opportunities to businesses.

## **OneEastside and OneEastside SPARK**

OneEastside coordinates economic development across East King County and was founded by OneRedmond to respond to the COVID-19 pandemic. An initiative of OneEastside, OneEastside SPARK coordinates regional partners to maximize resources and focus on small business and nonprofit recovery and resiliency. Originally funded through a \$500,000 grant awarded to OneRedmond by the U.S. Department of Commerce's Economic Development Administration, the program is a collaboration of 23 cities and towns in East King County, chambers of commerce, community-based organizations, higher education, nonprofits, and county and state government.

## **Redmond Space District**

The City of Redmond, in partnership with OneRedmond, launched the Redmond Space District in 2023. This brand was developed to showcase the dramatic growth of Redmond's space cluster and aims to support the growth of the industry in Redmond, recruit new companies to the area, coordinate with regional partners, and strengthen the workforce pipeline and youth attainment of STEM degrees.

## Tourism Entities

Several entities collaborate to drive tourism to Redmond, including:

- The City of Redmond Tourism Administrator, who works under the supervision of the Economic Development Manager
- The City's Lodging Tax Advisory Committee, which oversees Redmond's Tourism Program
- A marketing consultant who manages the Experience Redmond tourism brand for the City
- OneRedmond, who is currently the management organization of the Tourism Promotion Area (TPA)

The City is developing a Tourism Strategic Plan which will recommend further organizational alignment and provide holistic direction for all tourism activities in Redmond.

### **City of Redmond Tourism Program and Redmond Lodging Tax Advisory Committee (LTAC)**

The City of Redmond Tourism Program was developed and lodging tax established in 1998 to attract visitors to Redmond by funding tourism marketing and the operations of special events. Operations of, and proposed changes to, the Tourism Program for the City of Redmond are overseen by a LTAC. The LTAC consists of seven members appointed by the Redmond City Council, including one City Councilmember, three hoteliers, and three representatives of arts, cultural, historic, or business entities that can benefit from the lodging tax. The City's Tourism Program Administrator and the LTAC chairperson facilitate LTAC meetings.

The LTAC is responsible for<sup>5</sup>:

- Supporting options to enhance tourism activities in Redmond
- Making recommendations on special events matching grants to the City Council and later reviewing the success of those completed events
- Reviewing proposals from the marketing consultant
- Proposing changes to the Tourism Promotion Program

### **Experience Redmond**

The lodging tax funds include a dedicated tourism marketing program. Experience Redmond is the tourism marketing campaign currently implemented by an external organization that contracts with the City. The Experience Redmond campaign serves as

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<sup>5</sup> [https://www.redmond.gov/DocumentCenter/View/24173/Tourism-Program-Overview\\_2022](https://www.redmond.gov/DocumentCenter/View/24173/Tourism-Program-Overview_2022)

the City's Destination Marketing brand to promote overnight stays, and partner with event producers and local small businesses for the benefit of the Redmond economy<sup>6</sup>.

### **Tourism Promotion Area**

In 2023, the City of Redmond and City of Bellevue established a Tourism Promotion Area (TPA) that imposes a \$2.50 lodging charge per lodging units per night of stay within the incorporated city limits. The revenues derived from the lodging charges will be used for tourism promotion, which includes, but it not limited to:

- The general promotion of tourism and convention business within the TPA
- Advertising, marketing, public relations, and communication programs designed to attract overnight visitors, increase consumer demand, and increase market share to the TPA
- Tourism development programs, corporate visitation, meetings, conventions, festivals, and event programs to promote and increase local tourism resulting in overnight stays within the TPA
- Tourism and visitation research and data to inform and advance tourism to the Bellevue Redmond TPA

### **Innovation Triangle**

The City of Redmond is a member of the Innovation Triangle, alongside Kirkland, Bellevue, and the Port of Seattle. The partnership aims to create more business opportunities in the growing technology clusters of the member communities and promote the region as a global hub for innovation, international trade, and investment. Targeted clusters include enterprise software, interactive media, commercial space, Big-Data, Artificial Intelligence, and machine learning. Innovation Triangle partners maintain and update the website and other communication strategies, attend conferences and tradeshows, recruit and assist companies interested in location in the Innovation Triangle communities.

### **Startup 425**

Startup 425 is a collaborative initiative by the cities of Redmond, Bellevue, Kirkland, Issaquah, and Renton to expand entrepreneurship and foster diversity and creativity within the greater Eastside business community. The organization focuses on growing and sustaining small businesses of all types, with a sharp focus on underserved businesses owned by women, veterans, minorities, and people of color

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<sup>6</sup> <https://experienceredmond.com/about-us/>

## LANDSCAPE ASSESSMENT

This section summarizes the findings from the inventory and review of existing and ongoing studies, plans, and engagement to provide some background on the economic development environment and challenges and opportunities in Redmond in support of the preliminary strategic themes for the Plan identified by the city economic development staff. These are currently defined as follows:

- **Equitable Small Business & Entrepreneurship Support.** Provide small businesses in Redmond with the right tools to start, stay, grow, and flourish.
- **Business Retention & Expansion.** Continue to build relationships and engage with existing businesses in Redmond to accurately assess their needs, address displacement risk and other business challenges, and support expansion of business operations in Redmond.
- **Cluster Diversification and Expansion.** Expand established and growing clusters to further entrench competitive advantages and attract businesses that diversify Redmond's economy and creating economic resilience.
- **Business Attraction & Recruitment.** Promote the attractiveness of doing business in Redmond and improve business climate.
- **Workforce Development.** Work with partners to attract, retain, and develop a broad base of creative and diverse talent in Redmond.
- **District Development & Placemaking.** Leverage place assets to drive inclusive and equitable growth citywide.

### Equitable Small Business and Entrepreneurship Support

Previous studies and plans have identified challenges, gaps and needs for small business and entrepreneurship support. These studies are the Startup425 Program Review and Analysis<sup>7</sup>, the Small Business Economic Development Services<sup>8</sup> study, the Economic Vitality Element and engagement conducted for Redmond's Comprehensive Plan update.

The Startup425 Program Review and Analysis and the Small Business Economic Development Services studies identified *existing issues and challenges* within the current small businesses support ecosystem in Redmond and east King County:

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<sup>7</sup> City of Kirkland, Startup425 Program Review and Analysis, January 2023.

<sup>8</sup> City of Redmond, Small Business Economic Development Services, December 2021.

- **Lack of connectivity and community trust** between service providers (organizations on the Eastside that offer support for entrepreneurs and small businesses), and immigrant and minority-owned small business owners.<sup>9</sup>
- **Lack of a robust referrals system** for referring businesses to appropriate service providers, programs, and mentors based on needs.
- **Insufficient level of cross-marketing and coordination** between service providers and amongst programs that offer support for small businesses and entrepreneurs.
- **Inadequate marketing of existing resources and services** available to small businesses.
- **Nonprofit organizations and Community Based Organizations (CBOs) have limited capacity** for recruiting local, community-based business mentors and managing mentorship programs.

These studies also identified the following *key unmet needs*, based on existing research and interviews with stakeholders:

- **Cultural and linguistic barriers** (lack of bilingual training materials, cultural relatability between service providers and the businesses, etc.).
- **Limited access to capital** (such as financial support, seed funding, grants, and loan programs, etc.) caused by information gaps due to linguistic barriers or misalignment with small business owners' scheduling and work conditions, or administrative factors.
- **Low digital literacy and computer and technology access** (limited online presence, lack of digital skills such as setting up and using email, etc.).
- **Lack of information on creating a diversity, equity, and inclusion (DEI) environment** for customers and within the business and adapting DEI to the business model.
- **Sector-specific needs** such as kitchens that meet various codes and requirements for food businesses.
- **Accessible, multilingual information and resources on doing business on the Eastside** (business license, permitting etc.).

Small businesses in the Redmond 2050 Overlake Small Business Roundtable discussions also described the following needs to improve their own expansion and sustainability:

- Accessibility to new light rail stations for employees and customers.
- Family-friendly environment to attract families to the area.

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<sup>9</sup> The Startup425 Program Review and Analysis shows that establishing trust with migrant- or minority- owned business owners was especially difficult when the business owner's first language is not English. It also reports that support services were much more successful when a CBO staff person participated in the initial engagement.



- Improved walkability, including better sidewalks, lighting, and safety, as well as better wayfinding.
- Affordable and accessible housing options for employees.
- Easy commute.
- Increased availability of affordable, quality childcare facilities.
- Space for future expansion.

The Startup425 Program Review and Analysis and the Small Business Economic Development Services studies developed **recommendations to address these challenges and needs** which include:

- Investing in and working with CBOs, the connective tissue between local communities and state and local economic development efforts, to address gaps in trust.
- Investing in capacity building and training available to non-profits and CBOs.
- Offering small business support and training opportunities outside of regular business hours and in person.
- Solutions to capital access challenges such as alternative funding options like revolving loan funds, flexible financing options, and Community Development Financial Institutions (CDFIs) specializing in SBA-guaranteed small business loans.
- Develop industry specific content for industries other than tech, such as retail, restaurants, and other sectors that are still recovering from the pandemic.
- Develop program content specific to starting a business and associated tax, legal, and regulatory requirements in each city.
- Transfer Startup425 funds and resources to OneEastside SPARK.
- Measure the performance of startup and small business support programs (such as Startup 425) regularly to identify areas for improvement.

## **Business Retention and Expansion**

Several **policies** in Redmond's Economic Vitality Element focus on retention and growth of neighborhood-based businesses, businesses that serve the needs of residents, healthy, affordable, and culturally diverse food businesses, and manufacturing businesses:

- EV-16 Support and incentivize neighborhood-based business to achieve complete neighborhoods.
- EV-17 Support and incentivize the preservation of resident-serving businesses that are important to Redmond residents.
- EV-24 Support the local and regional food economy and businesses, with an emphasis on those that provide access to local products and healthy, affordable, and culturally relevant food options.

- EV-29 Foster retention of existing businesses as development occurs through incentives, development regulations and programmatic support, such as funding and grant opportunities.
- EV-30 Maintain existing manufacturing park land use and zoning designations to sustain and grow the manufacturing sector while also providing flexibility for evolving business and community needs.

Other policies in Redmond's Economic Vitality Element focus on anti-displacement and affordable commercial tools:

- EV-8 Monitor the performance of economic development policies and strategies in business diversity, middle-wage job creation, and reduction of displacement risks. Identify and track key economic and demographic metrics to help the city evaluate the effectiveness of local economic strategies and achievement of equitable outcomes.
- EV-10 Ensure all businesses have access to economic assistance and disaster recovery resources through clear, timely, and supportive processes. Prioritize businesses that are small, local, historically lack capital, represent underserved and marginalized communities, and are at risk of displacement.
- EV-21 Adopt and maintain development regulations and incentives that allow flexibility in size, location, uses and design to create affordable commercial spaces that allow small, locally owned, and culturally diverse businesses to thrive.
- EV-25 Mitigate the displacement of existing businesses as development occurs through incentives, development regulations and programmatic support, such as funding and grant opportunities.
- EV-26 Maintain existing manufacturing park land use and zoning designations to sustain and grow the manufacturing sector while also providing flexibility for evolving business and community needs.

The OneRedmond 2023 Strategic Plan outlines Redmond's **challenges** for business retention and expansion (BRE) as:

- Recruitment and retention of talent.
- Burdensome and lengthy permitting and regulatory environment.
- Inadequate inventory of available land and buildings for businesses to expand.
- A lack of affordable workforce housing.
- The need to define OneEastside SPARK value proposition post COVID.

The Strategic Plan also identified root causes of these challenges to be insufficient working capital and workforce for small businesses, constraints on the regional and national supply of technical talent, lack of vibrancy for local talent, a policy disconnect between business development aspirations and planning, and long-lasting macro effects, such as the pandemic, inflation, and recession.

Further, the City of Redmond has found that existing businesses throughout the city are facing the **risk of displacement** due to growth, property sales, and redevelopment<sup>10</sup>. Examples of such businesses include Evans Business Park businesses (Seattle Toddler Gym, Gallagher Instruments, Award Shop etc.), Emerald City Gymnastics, Costume Shop, Motley Zoo, and Vertical World. These businesses are struggling to find compatible space with the displaced use because:

- There is insufficient compatible inventory – Redmond is seeing a limited supply of flex space for recreational usage (gymnastic studios, rock gyms, toddler play gyms) and flex space for small scale manufacturing (breweries, dog daycare etc.).
- Rents for newly developed space are much more costly.
- Developers are not building compatible spaces due to loss of maximizing building with first floor height requirements, prioritization of other incentives, and investment requirement of credit worthy retail tenant.
- There is a limited ability for government interventions and financial assistance due to Washington State’s gift of public fund doctrine.

Redmond businesses are also facing **increasing commercial rents** and the City has identified a preliminary list of businesses in need of commercial affordability solutions. These include diverse micro businesses, food and beverage manufacturing businesses, small scale manufacturing and prototype development, creative spaces, child-based spaces, recreational spaces, health related facilities, and automotive services.

**Actions** recommended by OneRedmond in their strategic plan **to support BRE** include:

- Develop a better understanding of factors constraining BRE.
- Advocate for policy changes that support BRE.
- Design, implement, and execute business outreach program focused on targeted industries.
- Support and engage small businesses.

Potential **actions identified by the City of Redmond for addressing displacement risk<sup>11</sup>** include:

- Proactively identify businesses being displaced with a multiple year lead time.
- Identify the specifics of those businesses (who, what, when, where and why is being displaced).
- Work with Long Range Planning and Development Services to see how the City can incentivize creation of needed space.

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<sup>10</sup> City of Redmond, Addressing Business Displacement and Affordable Commercial Needs in Redmond, 2023.

<sup>11</sup> City of Redmond, Addressing Business Displacement and Affordable Commercial Needs in Redmond, 2023.

- Work with property owners and developers to share list of businesses and requirements to find homes in existing properties or new developments.
- Work with Development Services to connect businesses being displaced with new developments in Redmond.
- Package and proactively promote business technical assistance to displaced businesses as they may need to pivot operational models for profitability in new spaces.
- Work with private sector on tenant improvement funds and revolving loan funds (RLFs).
- Continue to monitor and strive to pilot affordable commercial solutions.

## Workforce Development

To understand workforce challenges in Redmond and region, the City partnered with Western Washington University to oversee two studies: the Redmond Workforce Analysis<sup>12</sup> and East King County Workforce Survey<sup>13</sup>.

The Redmond Workforce Analysis study found that:

- Redmond has **occupation gaps** in computer and mathematical related occupations, management occupations, and business and financial operations occupations. These occupations are also projected to see the **largest growth in employment** in Redmond over the next ten years.
- Almost all Redmond industries have a **negative award gap**, meaning there are fewer qualified workers with relevant degrees than there are job positions. This is most pronounced for software developers, followed by general and operations managers, and management analysts.
- Occupation gaps are in part due to **skill gaps**. Across King County, skill deficits are for Excel, Amazon Web Services (AWS), keyboarding/typing, Java, cash handling, C#, and cloud computing skills.
- Redmond is a **net importer of workers** with degrees in most fields since Redmond is not home to many colleges or universities. Most of the degrees granted in Redmond are in art related fields, likely due to the presence of DigiPen Institute. Within King County, the **lowest training concentration** is in computer and mathematical occupations.

The workforce study suggests, backed by existing literature, that for Redmond **a partnership with colleges and universities on the broader eastside and throughout the county to inform curriculum with in-demand skills training may be effective at reducing skill gaps**. Additionally, on the job training and employer investments in up-

<sup>12</sup> Western Washington University Center for Economic and Business Research, Redmond Workforce Analysis, November 2021.

<sup>13</sup> Western Washington University Center for Economic and Business Research, East King County Workforce Survey, September 2023.

skilling employees are an essential but often neglected approach to addressing skill gaps. Microsoft, one of Redmond's top employers, is an example of a leader in both models for tackling skill gaps.

In the East King County Workforce Survey conducted between April 2023 and September 2023, the **total cost of living and housing** in the region are significant concerns for many respondents, potentially impacting their likelihood of staying in the region. Respondents face various **barriers to employment**, the most common being identifying and applying for opportunities and job specific training. The survey suggests that more public knowledge of employment services is needed and more efforts to increase awareness of the available employment services and programs would address this issue.

The most popular types of job-related training among survey respondents were in business and technical roles (IT, cloud computing etc.). Respondents believe professional development and job search support are the most likely to assist with their needs. This is followed by resume/cover letter assistance, employer support, and internships.

Within the outreach for the Redmond 2050 Economic Vitality Element, community members described a desire to align workforce development efforts with needs of underserved communities, and policies that lead to income self-sufficiency for both workers and business owners in Redmond at a range of skill and educational levels. To fully understand Redmond's workforce needs, further research is needed on regional skills that would support cluster development and the workforce development ecosystem's resources and gaps to serve employers' current and future needs.

Other challenges for the workforce ecosystem identified in the OneRedmond Strategic Plan are a lack of workforce, the lack of the presence of a workforce development council in East King County, and businesses being unaware of workforce development resources. Some of these challenges may be explained by the lack of a system to support an understanding of businesses' workforce needs and the lack of a local entity to serve as a single point of contact.

## Business Attraction and Recruitment

The Economic Vitality Element (June 2023)<sup>14</sup> of the City's Comprehensive Plan also identifies **policies in support of business attraction and recruitment**. Policies under the *sustainable and resilient economy* and *business and job diversity* goals support a positive business climate and the city's vision for a diverse and innovative economy, with businesses ranging from multinational corporations to small and local artisan, start-up, and legacy businesses. Some examples of these policies include:

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<sup>14</sup> City of Redmond, Redmond 2050 Comprehensive Plan: Economic Vitality Element - Final Draft v.3, June 2023.

- EV-2 Provide for a mix of land uses in a range of zones that enables Redmond to meet its job growth targets and attract and retain businesses that meet the needs of the community.
- EV-6 Provide a consistent and predictable regulatory environment and customer focused approach to permitting and development processes.
- EV-7 Utilize tax and fee systems that are equitable and stable, are consistent with City goals, predictably and appropriately fund local services, and are able to maintain a competitive economic environment.
- EV-26 Develop and maintain land use, zoning and design regulations that attract and support a diversified mix of businesses, from multinational corporations to small, locally owned and innovative neighborhood shops.

The Economic Vitality Element also includes several policies to enhance *quality of life* in Redmond, focused on career and education opportunities, housing, transportation and recreation choices, as well as a healthy natural environment, all of which are essential to promote Redmond as an attractive place to work and do business.

A participant in the Redmond 2050 Overlake Small Business Roundtable discussions inquired whether Redmond has a plan to **diversify its jobs portfolio** away from so much reliance on the tech industry and recommended more balance across industries. This view was supported by other organizations who were interviewed to gather input for the Redmond 2050 Comprehensive Plan update. They mentioned that if Redmond's growth is too focused on the expansion of large corporations and the tech industry it could result in economic and cultural homogeneity, a loss of small businesses, and housing affordability challenges for people working in other sectors, such as education, restaurants, and public service<sup>15</sup>.

The Economic Development Strategic Plan can further define what business diversity should look like for Redmond and identify target industries for business attraction. Some preliminary industries that have been identified in existing studies for consideration include:

- Businesses that embrace Redmond's environmental sustainability and climate goals (Economic Vitality Element).
- Arts, culture, recreation, and nightlife (Economic Vitality Element).
- Businesses at the intersection of aerospace and technology (King County Air and Space 2030 Strategy).
- Retail businesses such as auto retailers.

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<sup>15</sup> City of Redmond, Redmond 2050 Stakeholder Interviews and Discussions, Summary (updated April 13, 2021).



The OneRedmond 2023 Strategic Plan<sup>16</sup> outlines Redmond’s **challenges** for business attraction and recruitment as:

- High development costs
- Limited and constrained land and shovel ready inventory
- Limited office/commercial space inventory
- Affordable workforce housing and community vibrancy as potential barriers to recruitment and retention of talent

The plan identifies **the root causes to these challenges**, which include inefficiencies in the development regulatory system that increase costs (such as lengthy permitting processes), lack of consensus on development density, lack of amenities to attract and retain desired workforce, environmental and engineering constraints, limited land inventory, and increasing development costs.

OneRedmond’s Strategic Plan describes **action steps** to combat these challenges:

- Work with the City to assess the fee structure and other processes impacting development.
- Define and advocate for increasing the inventory of available land and commercial development.
- Identify unlisted properties potentially available for businesses.
- Develop relationships with site selectors nationally and state and regional recruitment partners.
- Maintain insights into the city’s competitive position as a place for doing business to adjust strategies accordingly.

## **Cluster Diversification and Expansion**

The Economic Vitality Element sets a policy under the sustainable and resilient economy goal to “support industry clusters and subclusters that are integral components of the local and regional economy”. The City’s prior studies and plans regarding industry cluster development are relatively limited. The Redmond NextGen: Action Plan from 2009<sup>17</sup> identified five target areas for building strong industry clusters: Software and Information Technology, Retail and Tourism, Avionics and Homeland Defense, Renewable Energy/Clean Technology, and Emerging Industries & Entrepreneurship.

Other regional and statewide studies may help provide insights into economic climate conditions and competitiveness of the region’s industry clusters. Some of these studies are summarized for each industry cluster of interest in Appendix A.

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<sup>16</sup> OneRedmond, Strategic Plan, 2023.

<sup>17</sup> City of Redmond, Draft Report: Redmond NextGen Action Plan, 2009.

## District Development and Placemaking

In Redmond, there are two Regional Growth Centers (mixed-use centers designated by Puget Sound Regional Council): the Overlake Metro Center and the Downtown Redmond Urban Center. These urban centers include housing, employment, retail, and entertainment uses, are pedestrian-oriented and are well-served by transit. Significant growth is planned for these centers, with 44% of the job growth (14,500 jobs) to 2050 planned for Overlake and 15% (5,000 jobs) for Downtown<sup>18</sup>. Redmond also has one designated local center, Marymoor Village. This center, just adjacent to King County Marymoor Park, is transitioning to a Countywide Growth Center as part of Redmond 2050. The Redmond 2050 plan update is also exploring a Countywide Industrial Growth Center designation in Southeast Redmond<sup>19</sup>.

### Overlake

Overlake is the third-largest jobs center in the Puget Sound region, with more than 48,000 jobs. A large percentage (89%) of these jobs are in technology, due to employers such as Microsoft in the area. Other jobs fall into industries such as retail (4%) and manufacturing (3%). As part of the Redmond 2050 Comprehensive Plan update, several changes are planned for the Overlake neighborhood:

- Rezoning of properties around the light rail stations to accommodate growth and support highest and best use (transit supported densities and uses).
- Metro Center boundary expansion and related rezoning.
- Updating the Overlake zoning districts, development regulations, and incentive packages.
- Creating a new SEPA Planned Action to complete an area-wide environmental review of growth expected through 2050.
- Finalizing and adopting of the Overlake South Infrastructure Plan.

Members of the Overlake neighborhood district have participated in focused conversations around development as part of the Redmond Comprehensive Plan update. In discussions about the desires for Overlake, participants generally view redevelopment and increased density in the area as a positive development, rather than a threat. Discussions described that any growth in Overlake should be accompanied by measures to address traffic congestion and improve walkability and pedestrian safety. This is important for both existing Overlake businesses concerned about recruiting and retaining employees and those looking to attract new customers.

To support small and minority-owned businesses during redevelopment, stakeholders in the Comprehensive Plan update process suggested that Redmond establish a small business liaison. This role would build and maintain relationships with these businesses, facilitate their participation in the design and decision-making processes related to

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<sup>18</sup> Redmond 2050 Preferred Growth Alternative, City of Redmond, July 18, 2023.

<sup>19</sup> Ibid.

redevelopment, and assist them in accessing loans and other resources to help them remain in business.

## Downtown Redmond

The Downtown Redmond Urban Growth Center, with a significant density of existing jobs and housing along with high-quality transit service, also plays an important regional role in planning for future growth. As Redmond plans for 2050, it explores ways to maximize potential for the new light rail station, to update design guidelines and community character and historic preservation policies, to remove code provisions that hinder office developments, and to review potential updates for the Redmond Town Center. Many of the strategies employed at Overlake are anticipated to apply in whole or in part in Downtown Redmond as well, including rezoning of property near transit, considering boundary expansions and related rezoning, updating zoning districts, development regulations, and incentive packages in Downtown Redmond, and finally, creating a new SEPA Planned Action to complete an area-wide environmental review of growth expected through 2050.

## Marymoor Village

Marymoor Village, created in 2017, is a mix of manufacturing, education, distribution, industrial, religious, and some commercial uses. The city's vision as an urban, mixed-use village will allow Marymoor to incorporate commercial, mixed-use, and multifamily development as it welcomes a light rail station opening in 2024. As Marymoor Village continues to become a center for investment and development, challenges regarding displacement may also persist. Updates to Marymoor as part of Redmond 2050 will address:

- Design guideline updates
- Transition from a local center to a countywide growth center
- Reducing the number of zoning districts from five to three
- Updating the incentives and TOD area
- Adopting a State Environmental Policy Act (SEPA) Infill Exemption that would allow residential and mixed-use development to be exempt from SEPA regardless of size
- Pilon project for inclusive neighborhood to build Marymoor Village to be as accessible as possible
- Placemaking features that incorporate the importance of this area to local tribes

## Southeast Redmond Industrial Growth Center

Redmond is exploring designating a new center in Southeast Redmond focused on protecting manufacturing and light-industrial jobs. This was supported by community input received during the visioning phase of Redmond 2050. The city would create a

Countywide Industrial Growth Center to continue to support equitable access to living wage jobs.

## REDMOND IN 2023

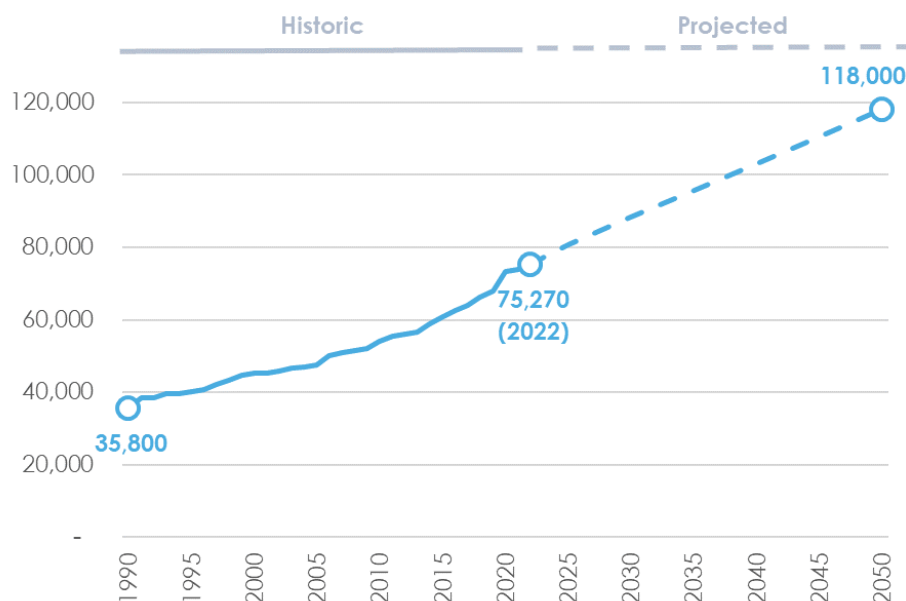
### People

#### Population

***Redmond's population has doubled since 1990 and is expected to grow at a faster pace than the Puget Sound region through 2050.***

Between 1990 and 2022, population in Redmond increased by roughly 39,500 people – a gain of 110% (**Exhibit 1**). Population growth during this period outpaced the Puget Sound region average and two of the benchmark cities - Bellevue and Mountain View (**Exhibit 2**).

**Exhibit 1. Historic and Projected Population Growth, Redmond**



Source(s): OFM Intercensal, 1990-2022; PSRC LUV-it Model, 2023; CAI, 2023.

The Puget Sound Regional Council projects as part of the latest allocations in VISION 2050 that Redmond's population will add almost 43,000 new residents by 2050, for a total of 118,000 (**Exhibit 1**). This projected compound annual growth rate of 1.6% is higher than the 1.1% projected for the Puget Sound Region.

### Exhibit 2. Population Growth, 1990-2022

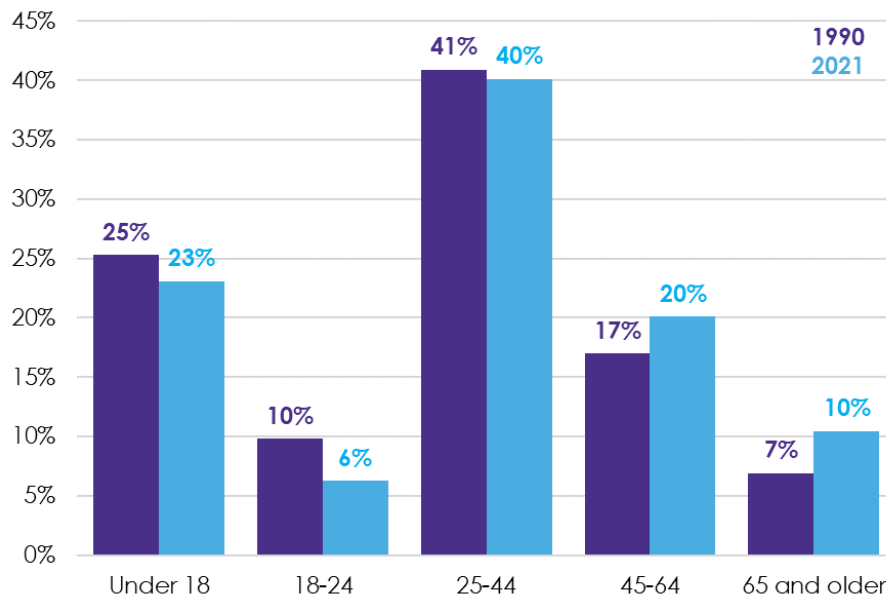
	% Growth (1990-2022)	CAGR (1990-2022)
<b>Redmond</b>	110%	2.3%
Bellevue	77%	1.8%
Bothell	296%	4.4%
Mountain View	20%	0.6%
Hillsboro	186%	3.3%
Raleigh	129%	2.6%
Puget Sound Region	60%	1.5%

Source(s): OFM Intercensal, 1990; US Census Bureau ACS 5-Year Estimate, 2021; PSRC LUV-it Model, 2023; CAI, 2023.

**In 2021, 66% of Redmond's population was of working age and the millennials (25-44) have continued to be the most prevalent age group since 1990.**

Redmond residents' median age has increased from 32.1 in 1990 to 34.6 in 2021. In 2021, Redmond's population was relatively younger than the Puget Sound Region (which had a median age of 37.2), Bothell (37.6), Bellevue (37.9), and Mountain View (35.4). Hillsboro and Raleigh had a marginally lower median age than Redmond - 34.1 and 34.2 respectively.

### Exhibit 3. Population by Age, Redmond, 1990 and 2021



Source(s): U.S. Census ACS 5-Year estimates 2010, 2021; CAI, 2023.

Those between the ages of 25 and 44 continue to be the most prevalent age group in Redmond and have seen the most growth in absolute terms since 1990. More than 14,000 residents were added in this age category. During the same period, the number of

Redmond's residents aged 65 and older tripled and their proportion of the total population increased to 10% in 2022 (**Exhibit 3**).

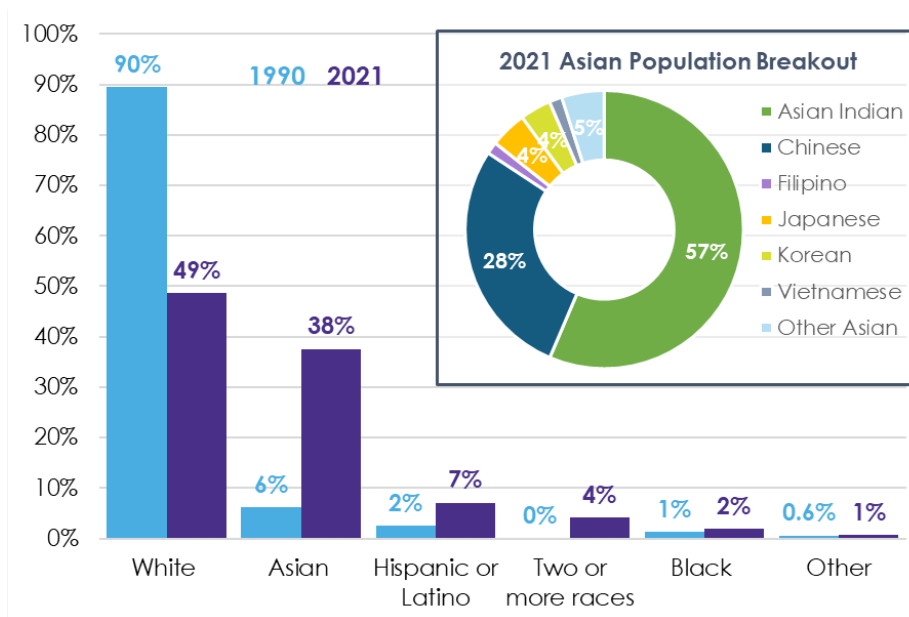
## Diversity

***In 2023, Redmond is an increasingly diverse majority-minority city within the central Puget Sound metro region, with a growing share of Asian residents.***

As shown in **Exhibit 4**, Redmond has become more diverse since 1990. Redmond's share of non-white population has grown from 10% of the population in 1990 to 51% of the population in 2021, much higher than the 39% for the Puget Sound Region. Among the benchmark communities, Mountain View and Bellevue are more racially diverse than Redmond – with non-white population comprising 59% and 54% respectively.

From 1990 to 2021, the city's Asian representation has increased from 6% to 38% of the population. Both Bellevue and Mountain View have large shares of Asian residents at 38% and 33% respectively. Asian Indian and Chinese made up 85% of the Asian population in Redmond in 2021.

**Exhibit 4. Population Distribution by Race and Ethnicity, Redmond, 1990 and 2021**

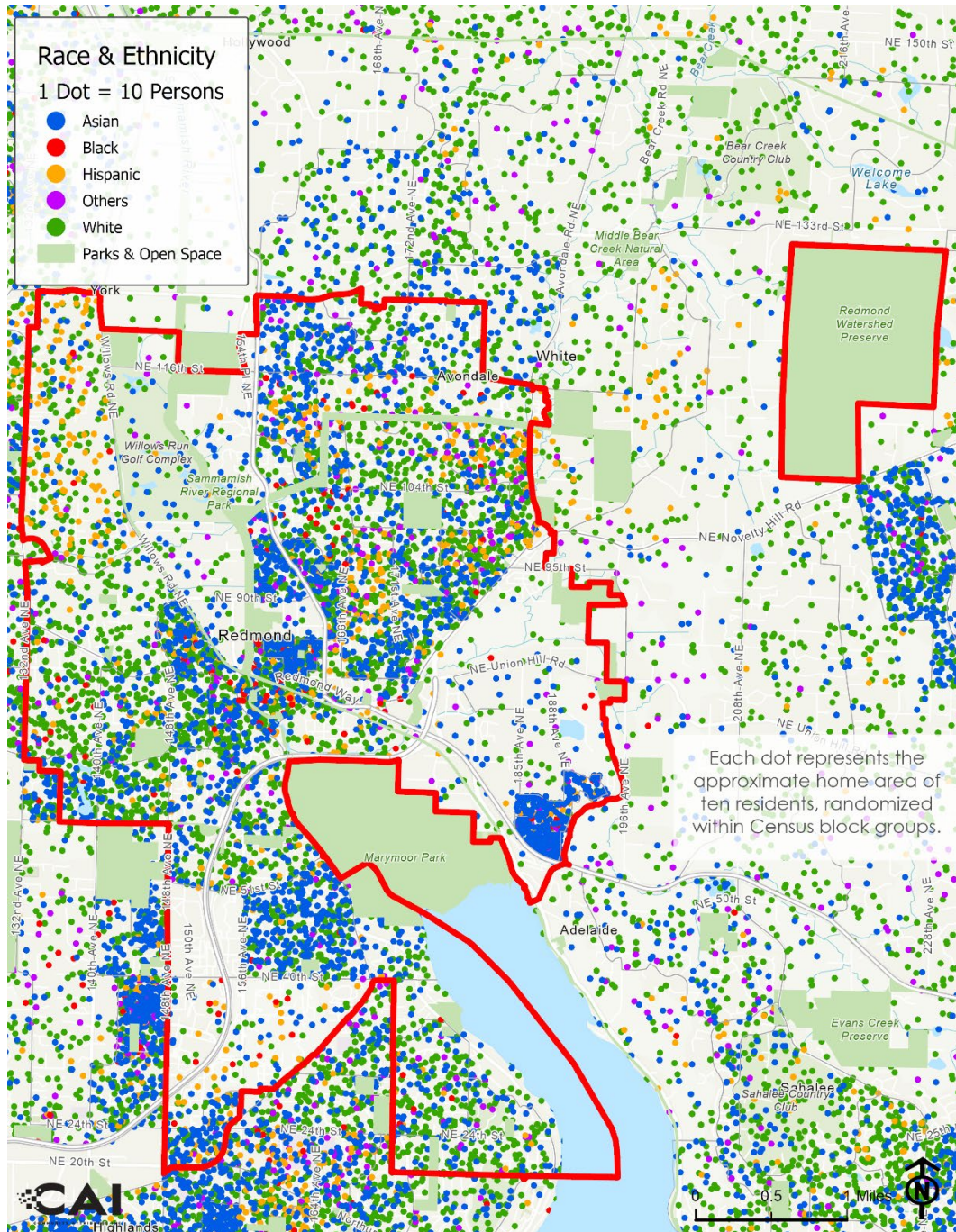


Source(s): U.S. Census ACS 5-Year estimates 2010, 2021; CAI, 2023.

**Exhibit 5** visualizes City of Redmond's race and ethnicity distribution. North Redmond, Education Hill, downtown, and the northern part of Overlake have notable Asian population distributions. Hispanic populations are clustered in parts of Bear Creek and Education Hill and the northwestern edge of the Willows / Rose Hill neighborhood.



## Exhibit 5. Dot Density Map of Population by Race and Ethnicity, Redmond, 2021

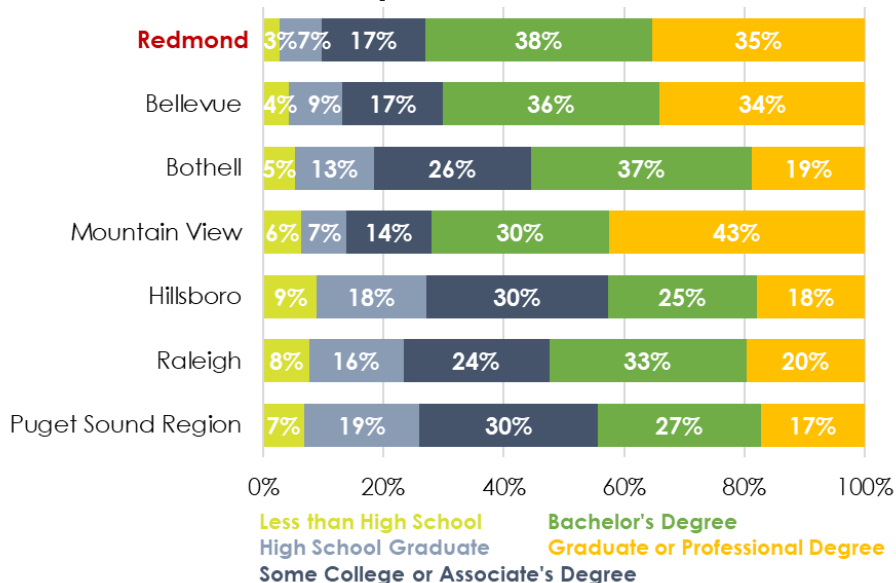


## Education

### **Redmond is the most educated community amongst all benchmark cities.**

In 2021, the proportion of residents aged 25 and older with a bachelor's degree or higher was approximately 73% in Redmond, higher than all benchmark communities and the Puget Sound Region (**Exhibit 6**). Redmond also had the lowest share of residents with less than a high school diploma – only 3% of all residents 25 and older.

#### **Exhibit 6. Educational Attainment, Population 25 and Older, 2021**



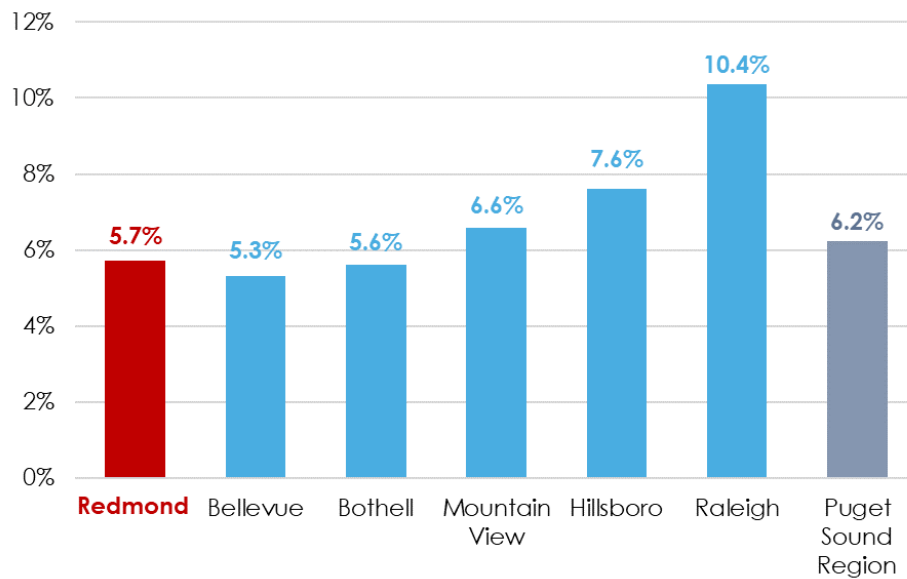
Source(s): U.S. Census ACS 5-Year estimates 2021; CAI, 2023.

In 2021, 4,100 residents of Redmond were enrolled in some form of college or graduate school, roughly 5.7% of the population (**Exhibit 7**). This was nearly the same percentage as Bothell and slightly higher than Bellevue. Raleigh had the largest student population and share which reflects the presence of large universities in the city. The same year, the Puget Sound Region was home to more than 247,000 college and graduate students, making up 6.2% of the region's population.

Redmond's educational landscape is uniquely defined by the presence of DigiPen Institute of Technology, the city's sole institution. Specializing in digital arts, computer science, and game development, DigiPen offers 10 degree programs (8 undergraduate and 2 graduate) tailored to the dynamic demands of the tech industry. The Institute is the first school in the world to offer a Bachelor's degree in video game programming. As of Fall 2022, 1,124 students were enrolled at the Redmond campus<sup>20</sup>.

<sup>20</sup> DigiPen By the Numbers, DigiPen Institute of Technology, <https://www.digipen.edu/about/digipen-by-the-numbers>.

### Exhibit 7. Share of Total Population Enrolled in College, 2021

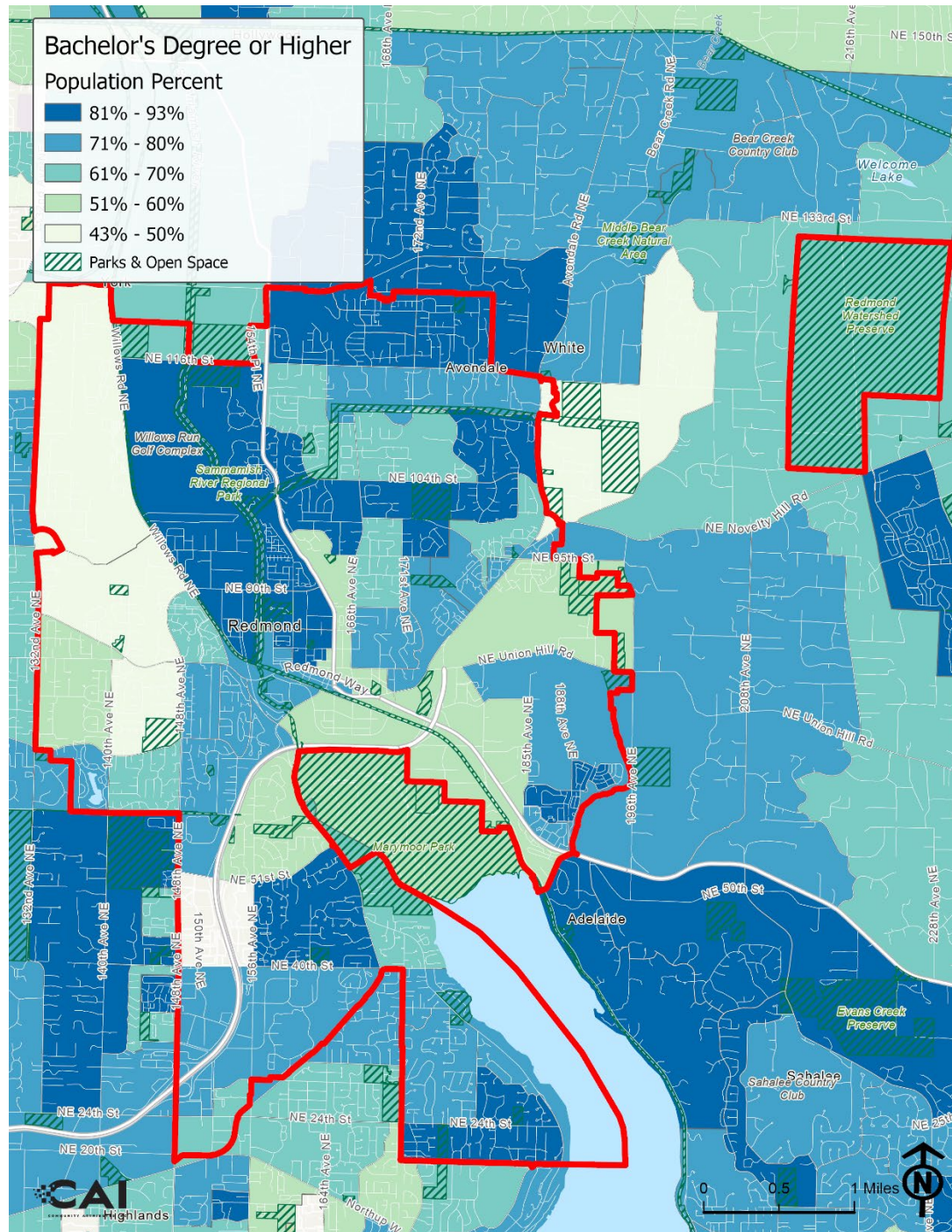


Source(s): U.S. Census ACS 1-Year estimates 2022; CAI, 2023.

Educational attainment varies by neighborhood within Redmond for its percent of residents aged 25 and older with a bachelor's degree or higher (**Exhibit 8**). The western and central geographies of the city have notably lower educational attainment percentages (approximately 40%-60% of adults with a bachelor's degree) compared to the rest of the city, such as northern and southern portions (60%-90% ranges). Areas of high educational attainment can also be found near tech campuses and job centers such as Overlake area and Willows Road Corridor.



**Exhibit 8. Percent of Residents (25+) with a Bachelor's Degree or Higher, Redmond, 2021**



Source(s): U.S. Census Bureau ACS 5-Year Estimates, 2017-2021; CAI, 2023.

## Income and Poverty

**Redmond's median household income is high compared to the region and most benchmark communities, having increased 58% in the last decade.**

Redmond's median household income has increased from approximately \$93,000 in 2011 to over \$147,000 in 2021 and is second only to Mountain View amongst the benchmark communities (**Exhibit 9**). Since 2011, Redmond's median household income grew by 4.7% per year on average. While this growth exceeded the regional average growth of 3.8% per year, Bellevue, Bothell, and Mountain View all experienced higher growth than Redmond in median household income.

**Exhibit 9. Median Household Income, 2011-2021**

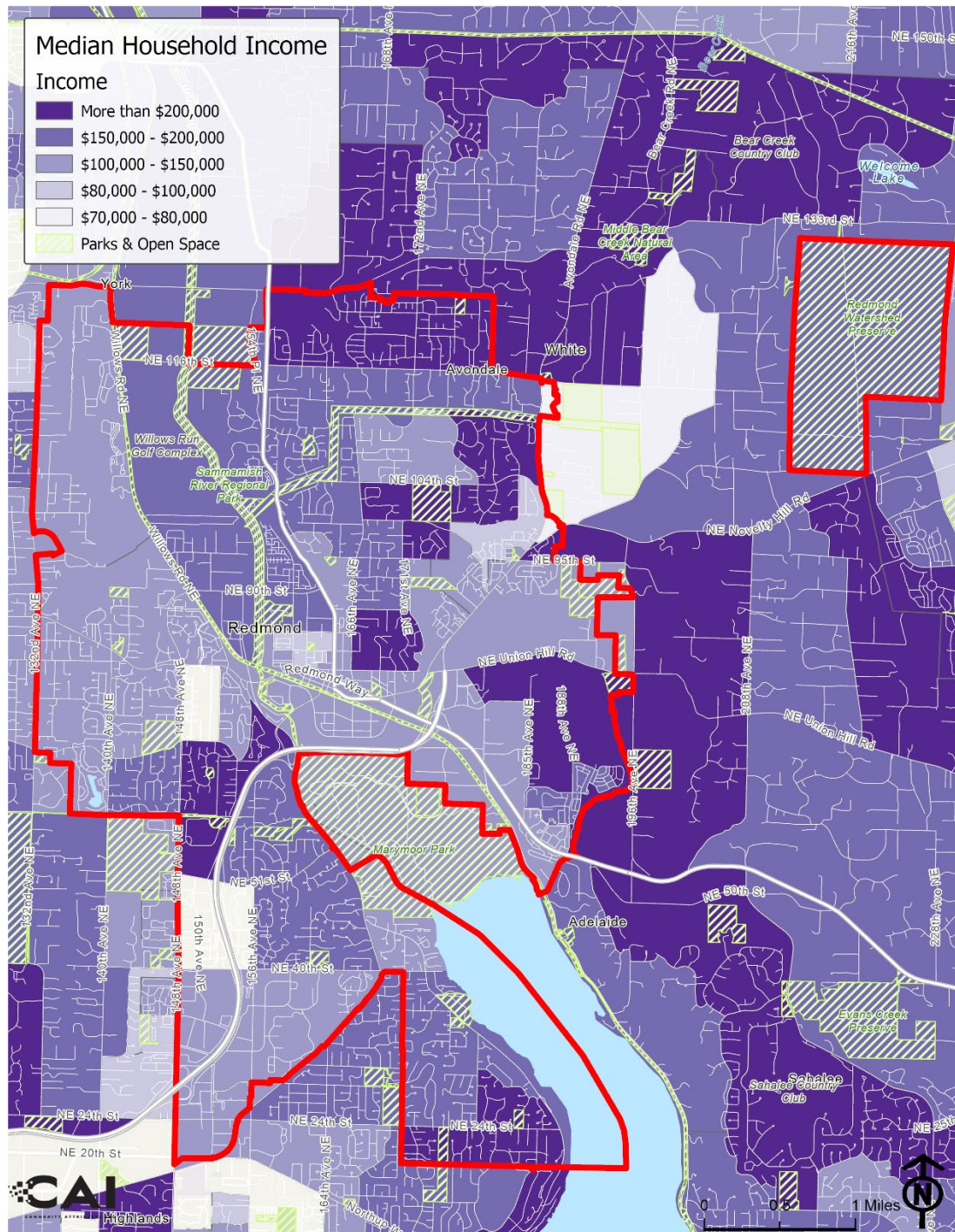
	Median Household Income		% Change (2011-2021)	CAGR (2011-2021)
	2011	2021		
<b>Redmond</b>	\$92,851	\$147,006	58%	4.7%
Bellevue	\$84,503	\$140,252	66%	5.2%
Bothell	\$70,935	\$116,578	64%	5.1%
Mountain View	\$91,446	\$158,104	73%	5.6%
Hillsboro	\$64,197	\$91,540	43%	3.6%
Raleigh	\$52,819	\$72,996	38%	3.3%
Puget Sound Region	\$67,023	\$97,675	46%	3.8%

Source(s): U.S. Census Bureau ACS 5-Year Estimates, 2011-2021; CAI, 2023.

The median household income (MHI) within the city is relatively high, particularly in its northern and southeastern portions where household incomes surpass \$100,000 (**Exhibit 10**). Many high-income areas correlate with areas with high educational attainment, including North Redmond and Viewpoint. Viewpoint is marked by a majority of white residents while North Redmond shows a mix, made up primarily by residents who identify as White or Asian. In contrast, the northeast corner of Redmond shows a lower MHI, lower educational attainment, and a larger proportion of Hispanic residents.



### Exhibit 10. Median Household Income by Block Group, Redmond, 2021

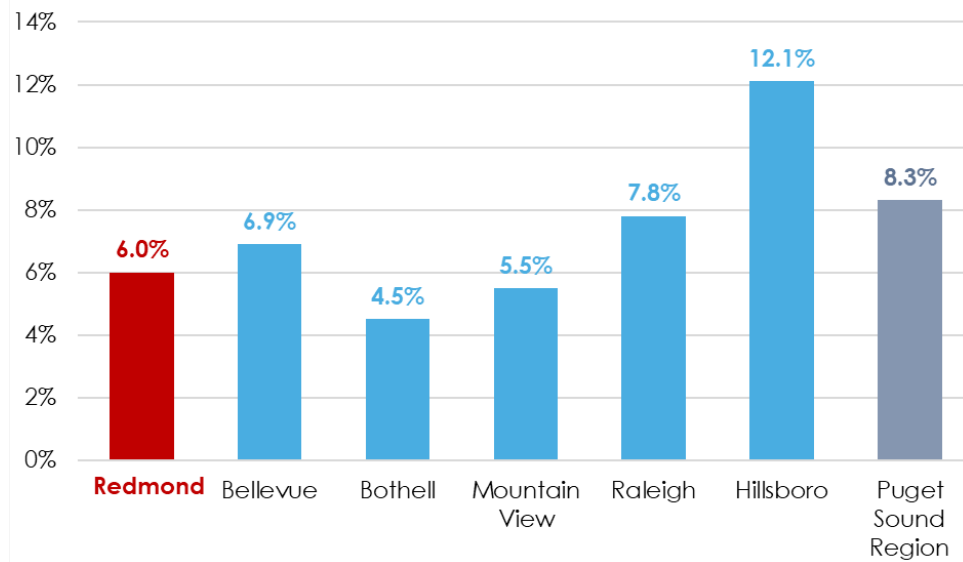


Source(s): U.S. Census Bureau ACS 5-Year Estimates, 2017-2021; CAI, 2023.



The share of Redmond residents living below the poverty line<sup>21</sup> declined from 6.6% in 2012 to 6% in 2021. Poverty in Redmond is much lower than that of the Puget Sound Region (**Exhibit 11**). Among benchmark communities, Bothell and Mountain View have lower poverty rates than Redmond. The poverty rate in Redmond varies by age and race and ethnicity. Children under 5 and residents aged 18 and 34 have the highest poverty rate (8.1%), as well as residents who identify as Hispanic or Latino (24.3%), two or more races (17.1%), and Black or African American (16.2%).

**Exhibit 11. Poverty Rate, 2021**



Source(s): U.S. Census ACS 5-Year estimate, 2017-2021; CAI, 2023.

## Self-Employment

**Among benchmark communities, Redmond ranks the lowest in the proportion of households that reported self-employment income and self-employed workers in Redmond earn very low incomes.**

Roughly 8.6% of households in Redmond reported receiving self-employment income in 2021 (**Exhibit 12**). This could include individuals who are working in “gig” positions, such as ride-sharing drivers, or those who own their own businesses. Compared to the benchmark communities, Redmond had the lowest proportion of households that reported self-employment income. At 13.8%, Bothell had the highest share.

Self-employed workers in Redmond earn very low incomes. Among households reporting self-employed income in 2021, the average annual income reported for self-employment in Redmond is nearly \$36K. This indicates that many self-employed individuals in Redmond may be working in “gig” jobs, which tend to pay below average wages.

<sup>21</sup> \$13,788 is the 2021 poverty level for individuals that’s used by the U.S. Census Bureau to determine who is in poverty.

While Redmond's average income reported for self-employment is slightly higher than that of Hillsboro, it is lower than that of Raleigh and significantly lower than Mountain View's (\$58K) and Bellevue's (\$100K).

**Exhibit 12. Share of Households with Self-Employment Income and Average Self-Employment Income, 2021**

	Self employment rate	Average income for self employed
<b>Redmond</b>	8.6%	\$35,800
Bellevue	11.6%	\$99,700
Bothell	13.8%	\$40,900
Mountain View	10.9%	\$57,800
Raleigh	10.6%	\$36,100
Hillsboro	9.2%	\$25,400
Puget Sound Region	11.9%	\$47,600

Source(s): U.S. Census ACS 5-Year estimate, 2017-2021; CAI, 2023.

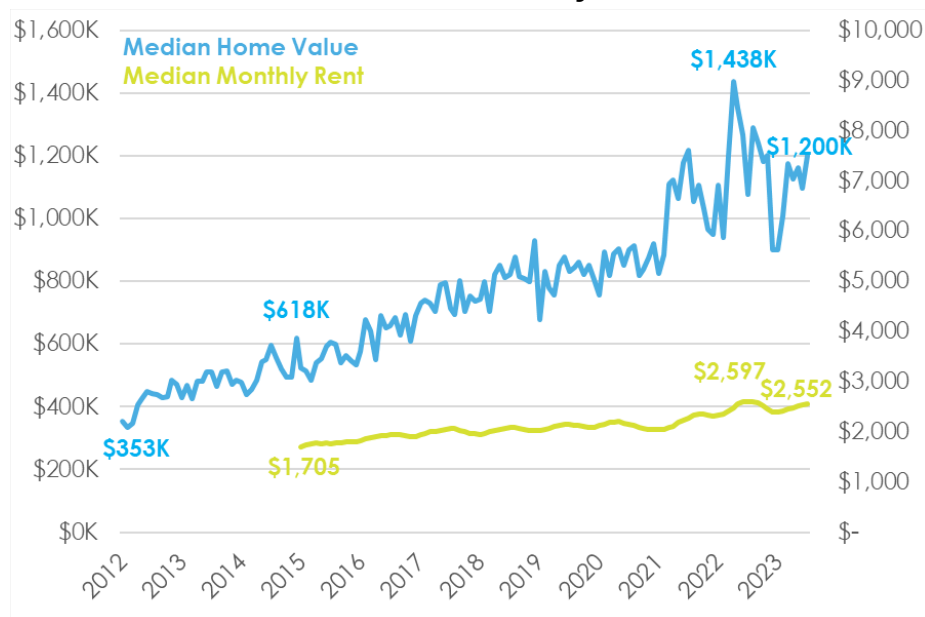
## Housing

***Housing shortages in Redmond have led to rising housing costs. High housing cost burden is borne unevenly across Redmond's neighborhoods and racial and ethnic groups.***

**Exhibit 13** highlights the rising costs of housing in Redmond from 2012 to 2023. The median sale price in Redmond, based on sales data from Redfin, increased from \$353,000 in January 2012 to \$940,000 in October 2023, a 166% total increase (**Exhibit 13**). This was lower than the Puget Sound Region median sale price increase during this period and most benchmark jurisdictions except Raleigh. Redmond's median home sales price in October 2023 was almost half of the median sale price in Mountain View and 33% lower than Bellevue's median sale price (**Exhibit 14**).

Though not as dramatic, median monthly rent in Redmond has also risen significantly since 2015. From \$1,705 in 2015 to \$2,552 in 2023, median monthly rent saw a 50% total increase, or a CAGR of 5%.

### Exhibit 13. Median Sale Price and Median Monthly Rent, Redmond, 2012-2023



Source(s): Redfin, 2012 to 2023; CAI 2023.

### Exhibit 14. Median Sale Price and Change, January 2012- October 2023

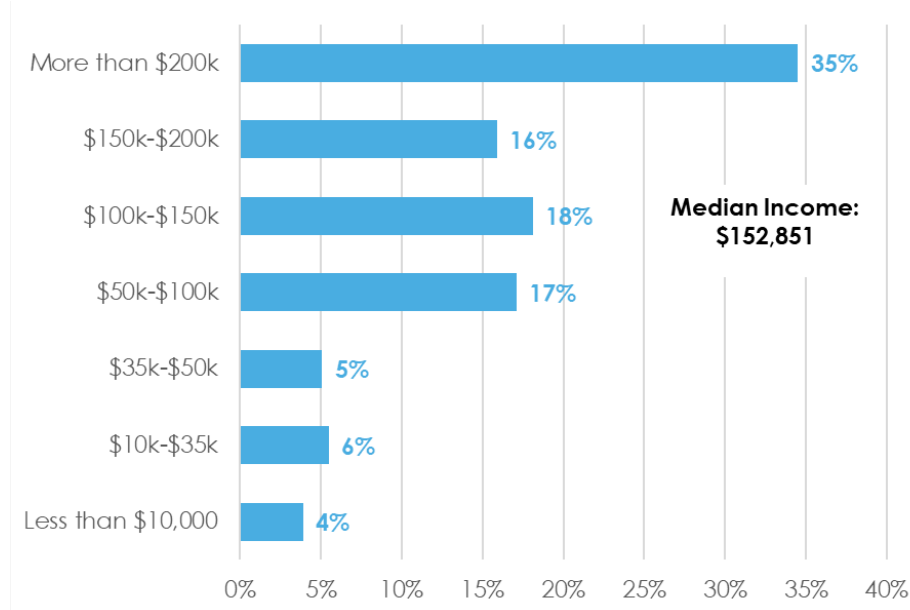
	Median Sale Price, Oct 2023	% Change (Jan 2012 - Oct 2023)
<b>Redmond</b>	\$940,000	166%
Bellevue	\$1,403,190	252%
Bothell	\$939,750	244%
Mountain View	\$1,830,500	344%
Hillsboro	\$515,000	194%
Raleigh	\$415,000	152%
Puget Sound Region	\$773,475	209%

Source(s): Redfin, 2012 to 2023; CAI 2023.

Considering Redmond's median home sale price of \$1.1 million in July 2022, a household in Redmond would need to earn about \$262,200 annually to purchase a home with that price<sup>22</sup>. That represents 172% of the median household income of \$152,900 in 2022. Only 35% of households in Redmond earned more than \$200,000 in 2022 (**Exhibit 15**). Similarly, a household in Redmond would need to earn about \$104,000 per year to afford the July 2022 median rent in Redmond of \$2,600. Nearly one third of households in Redmond make less than \$100,000 per year and would struggle to rent a home in Redmond (**Exhibit 15**).

<sup>22</sup> Assumes a 10% downpayment, an interest rate of 5.34% (the 30-Year Fixed Rate Mortgage Average in the United States according to FRED Economic data), and home insurance and property tax payments represent 17% of the monthly house bill (based on Zillow, Redfin and Bank of America).

### Exhibit 15. Total Households by Income, Redmond, 2022



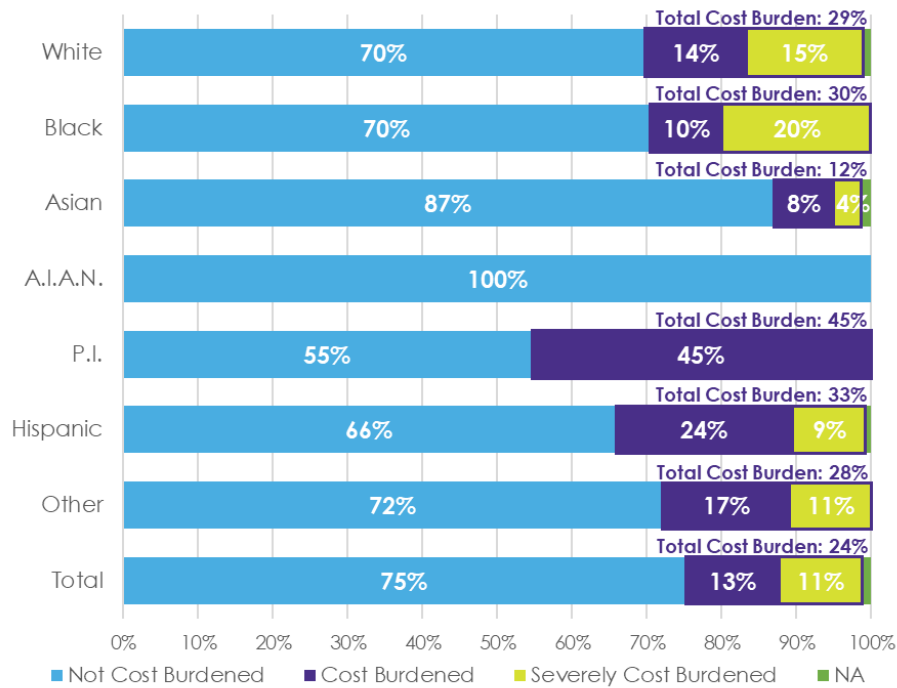
Source(s): U.S. Census Bureau ACS 1-Year Estimates, 2022; CAI, 2023.

The rising cost of housing has led to issues with housing affordability which have had disproportionate impacts on certain populations. The Department of Housing and Urban Development defines cost burden as those households spending between 30% and 50% of total income on housing. Severe cost burden is defined as households spending more than 50% of total income on housing. **Exhibit 16** displays cost burden by race and ethnicity in 2020. Of the entire population, 13% are considered cost burdened, with 11% experiencing severe cost burden. Cost burden is most prevalent in Pacific Islander households (45%). The second most cost burdened group is the Hispanic population, with 24% experiencing cost burden and 9% experiencing severe cost burden.

Housing cost burden also varies by geography. There are notable geographic areas in the city that fall within the highest cost burden ranges, located near Education Hill, downtown, and west of downtown (**Exhibit 17**). The City of Redmond Housing Needs Assessment also found that cost burden disproportionately affects lower income households, renter households, elderly residents, and young adults under the age 24<sup>23</sup>.

<sup>23</sup> City of Redmond, Housing Needs Assessment, July 28, 2020.

**Exhibit 16. Housing Cost Burden by Race and Ethnicity, Redmond, 2020**



Source(s): HUD CHAS, 2020; CAI 2023.

Note: A.I.A.N. = American Indian or Alaska Native; P.I. = Pacific Islander

The Housing Needs assessment also looked at housing production and housing needs and found that<sup>24</sup>:

- Compared to neighboring cities on the Eastside, Redmond has one of the highest shares of multifamily housing. Around 72 percent of new units built in Redmond from 2010-2019 were multifamily housing.
- Redmond lacks housing diversity which limits the variety of housing available for ownership. The City lacks middle and single-family attached housing, such as duplexes, multiplexes, and townhomes, as well as senior housing facilities. This limitation makes finding housing in Redmond difficult or unattainable to some people who need or prefer to rent housing or who can only afford lower-cost housing types for homeownership.

<sup>24</sup> Ibid.

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EDSP



## Economy

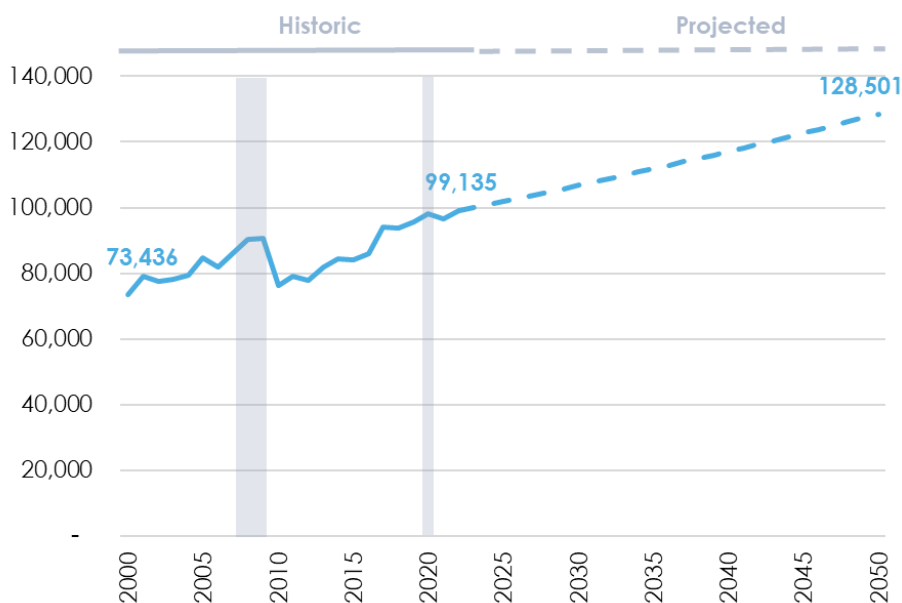
### Employment

***From 2011 to 2021, employment growth in Redmond outpaced the Puget Sound Region average.***

Employment in Redmond increased from 73,400 jobs in 2000 to more than 99,000 jobs in 2022 (**Exhibit 18**). During this time, Redmond experienced several years of employment declines, mostly ensuing periods of recession. Following the Great Recession in 2010, Redmond lost more than 14,000 jobs and an additional 1,600 jobs were lost during the COVID-19 pandemic in 2021.

As part of Redmond 2050, a preferred growth alternative was developed that projects 33,000 jobs will be added by 2050. Most of the growth is planned to occur in Redmond's center, with 14,500 jobs being allocated to Overlake Metro Center and 5,000 jobs to the Downtown Urban Center<sup>25</sup>.

### **Exhibit 18. Historic and Forecast Covered Employment, City of Redmond, 2000 - 2050**



Source(s): Puget Sound Regional Council, 2023; Community Attributes, 2023.

Note: Shaded areas represent recessions as determined by the National Bureau of Economic Research.

Between 2011 and 2021, Redmond's employment grew at a faster rate than the Puget Sound region (**Exhibit 19**). Redmond ranked third for employment growth among benchmark communities, having experienced faster growth

<sup>25</sup> Redmond 2050 Preferred Growth Alternative, City of Redmond, July 18, 2023.



than Raleigh and Bellevue, but slower growth than Hillsboro and Mountain View.

### Exhibit 19. Historic Employment Growth, 2011 - 2021

	2011-2021	
	% Change	CAGR
<b>Redmond</b>	22%	2.0%
Bellevue	19%	1.7%
Bothell	22%	2.0%
Mountain View	45%	3.8%
Hillsboro	26%	2.4%
Raleigh	13%	1.2%
Puget Sound Region	19%	1.7%

Source(s): Puget Sound Regional Council, 2023; City of Mountain View Economic Vitality Element, 2023; US Census Bureau OnTheMap, 2023; Community Attributes, 2023.

Note: CAGR stands for Compound Annual Growth Rate and measures average annual growth rate over a given period.

## Employment by Industry

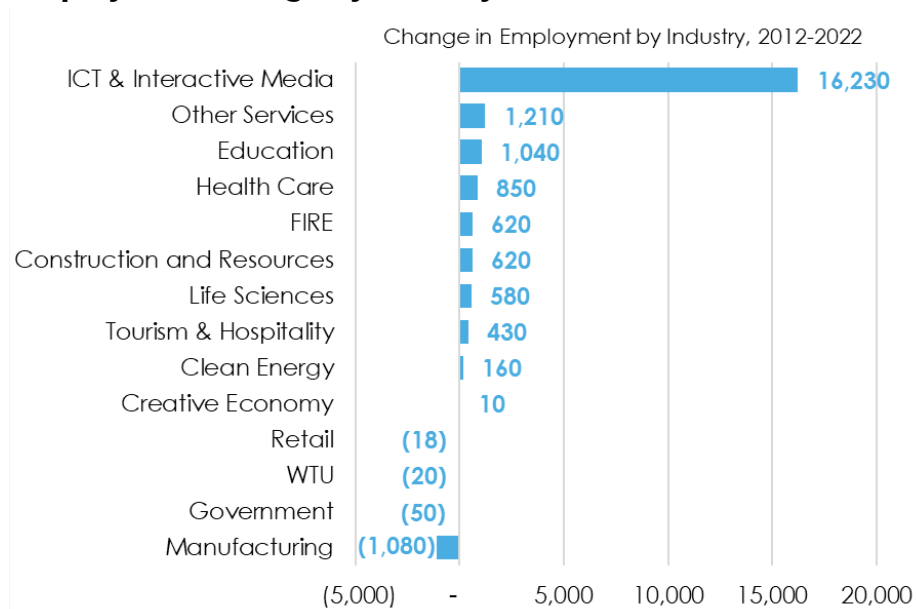
Employment by industry trends analysis utilizes industry clusters that were identified in collaboration with the City of Redmond, OneRedmond, and from the analysis of employment data. The definitions used for these industry clusters are consistent with existing national, statewide, and regional industry cluster studies from PSRC, the Department of Commerce, Life Science Washington, the Washington Technology Industry Association, and others. These definitions are included in Appendix A. It should be noted that these definitions mostly include what constitutes the “core” activities for each cluster and therefore not all industries in Redmond have been assigned to an industry cluster. Remaining industries have been categorized in an Other Services category which is relatively large and includes some professional, scientific, and technical services, some administrative and support services, and other services not elsewhere specified.

### **Job growth in Redmond in the past ten years was led by the Information Communication and Technology (ICT) and Interactive Media industry.**

In 2022, the ICT and Interactive Media cluster employed over 62,000 workers in Redmond and made up 63% of the covered employment, with Microsoft alone accounting for over 47,000 jobs. The “Other Services” category made up the next largest industry by employment, accounting for 7% of jobs in Redmond in 2022, followed by Wholesale Trade (4%), Transportation and Utilities (WTU) (4%), Health Care (4%), Retail (4%), and Tourism & Hospitality (4%).

Redmond’s employment grew by 21,000 jobs between 2012 and 2022. Roughly 76% of the growth (16,230 jobs) was in the ICT and Interactive Media sector (**Exhibit 20**). Over the same period, the manufacturing sector lost over 1,000 jobs. Retail, WTU and Government employment also declined slightly.

## Exhibit 20. Employment Change by Industry, Redmond, 2012-2022



Source(s): Puget Sound Regional Council, Preliminary Estimates, 2023; Community Attributes, 2023.

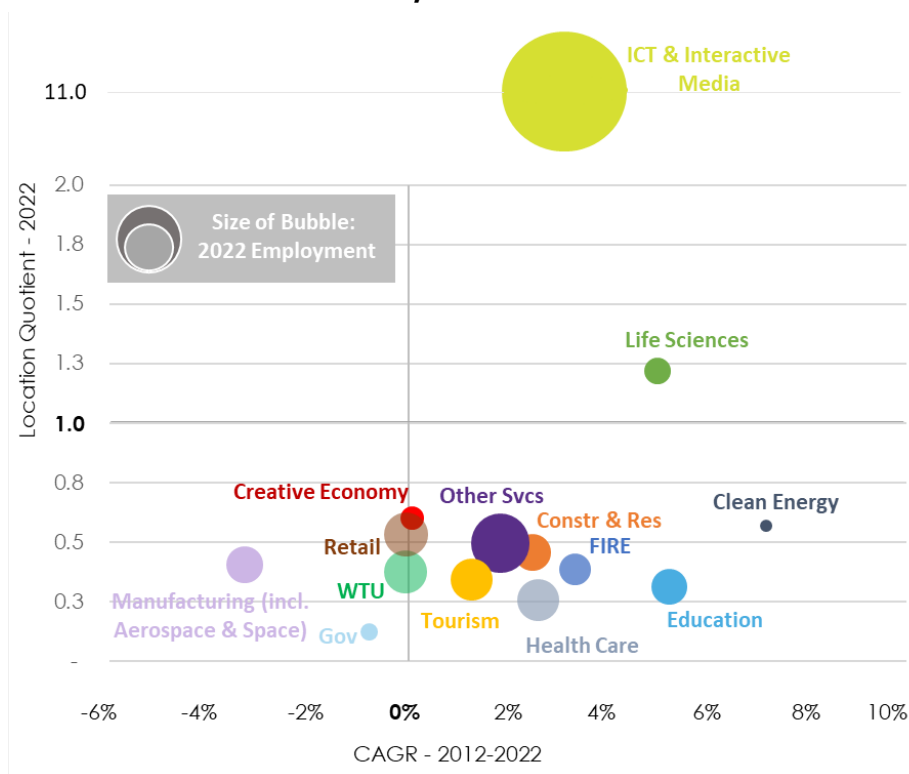
Note: ICT stands for Information and Communication Technology; WTU stands for Wholesale, Transportation, and Utilities; FIRE stands for Finance, Insurance and Real Estate.

### **ICT & Interactive Media is by far the most concentrated industry in Redmond - 11 times more concentrated than the US average.**

Location quotients refer to the proportion of jobs within specified industries in a specific geographic area (Redmond) compared to the proportion of jobs within those same industries of a larger reference area (the Nation). A location quotient greater than 1 demonstrates Redmond has a larger share of jobs in an industry compared to the Nation and can indicate the industries that drive the county economy. A high location quotient in a particular industry may present opportunities for additional growth of that industry, or related industries, because of competitive advantages such as an existing skilled labor pool, suppliers, facilities, or transportation hubs in the county.

ICT & Interactive Media is by far the most concentrated industry in Redmond - with a location quotient (LQ) of 11.3 - meaning that on a per job basis, the industry is 11 times more concentrated than the US average (**Exhibit 21**). Life sciences is the only other industry with a location quotient higher than 1. The fastest growing clusters in Redmond from 2012 to 2022 were Clean Energy (7.2%), Education (5.2%), and Life Sciences (5%).

## Exhibit 21. Industry Clusters by Size, Employment Change and Concentration relative to US, Redmond



Source(s): Puget Sound Regional Council, Preliminary Estimates, 2023; Community Attributes, 2023.grow

Note: ICT stands for Information and Communication Technology; WTU stands for Wholesale, Transportation, and Utilities; FIRE stands for Finance, Insurance and Real Estate.

## Occupational Employment

**Redmond employed computer and mathematical workers at nearly 10 times the national rate in 2022.**

The top five occupational categories in Redmond in terms of the number of jobs in 2022 account for 70% of total employment. Computer and mathematical occupations are nearly 10 times more concentrated in Redmond than in the US. Other occupations with a location quotient higher than 1 include arts, design, entertainment, sports, and media, business and financial operations, architecture and engineering, and legal.

Management occupations had the highest median wages in 2022 at \$141,800, followed by computer and mathematical occupations (\$134,700).

## Exhibit 22. Occupational Employment and Concentration relative to US, Redmond, 2022

Occupation	Jobs	Share of Jobs	LQ	Median Wage
Computer and Mathematical	32,500	33%	9.7	\$134,700
Business and Financial Operations	12,900	13%	2.0	\$86,000
Office and Administrative Support	8,900	9%	0.7	\$50,200
Sales and Related	8,200	8%	0.9	\$47,700
Management	6,500	7%	1.0	\$141,800
Food Preparation and Serving Related	4,600	5%	0.5	\$37,500
Arts, Design, Entertainment, Sports, and Media	3,300	3%	2.4	\$74,100
Production	3,100	3%	0.5	\$49,900
Transportation and Material Moving	3,100	3%	0.3	\$46,900
Architecture and Engineering	2,800	3%	1.7	\$101,500
Construction and Extraction	2,200	2%	0.5	\$73,200
Installation, Maintenance, and Repair	2,000	2%	0.5	\$62,900
Educational Instruction and Library	1,600	2%	0.3	\$64,800
Healthcare Practitioners and Technical	1,600	2%	0.3	\$101,200
Healthcare Support	1,100	1%	0.2	\$40,000
Legal	1,000	1%	1.2	\$101,100
Life, Physical, and Social Science	900	1%	1.0	\$83,000
Building and Grounds Cleaning and Maintenance	900	1%	0.3	\$40,300
Personal Care and Service	900	1%	0.5	\$42,200
Protective Service	600	1%	0.3	\$55,200
Community and Social Service	500	1%	0.3	\$59,400
<b>Total</b>	<b>99,200</b>	<b>100%</b>		

Source(s): Puget Sound Regional Council, 2023; Bureau of Labor Statistics, 2023; Washington State Employment Security Department, 2023; Community Attributes, 2023.

Note: Median wage data is for the Seattle MSA region.

Shaded rows represent occupational categories with a location quotient (LQ) greater than 1.

## Employer Size

**Roughly 93% of businesses in Redmond have less than 50 employees and these firms employ just over 18% of all workers in Redmond.**

Of the total 3,875 businesses in Redmond in 2020, two thirds had 4 or less employees. Those businesses employed 2.5% of workers in the city. On the other end, in the same year, businesses with 100 employees or more represented 4% of all businesses in the city and employed 73% of the workers (**Exhibit 23**).

### Exhibit 23. Share of Businesses by Size and Workplace Employment, Redmond, 2020

Size	% of Total Employment	% of Total Businesses
1 to 4	2.5%	67%
5 to 9	2.9%	10%
10 to 19	4.7%	8%
20 to 49	8.3%	7%
50 to 99	8.6%	3%
100 or more	73.1%	4%

Source(s): Puget Sound Regional Council, 2020; Community Attributes, 2023.

#### Retail Sales

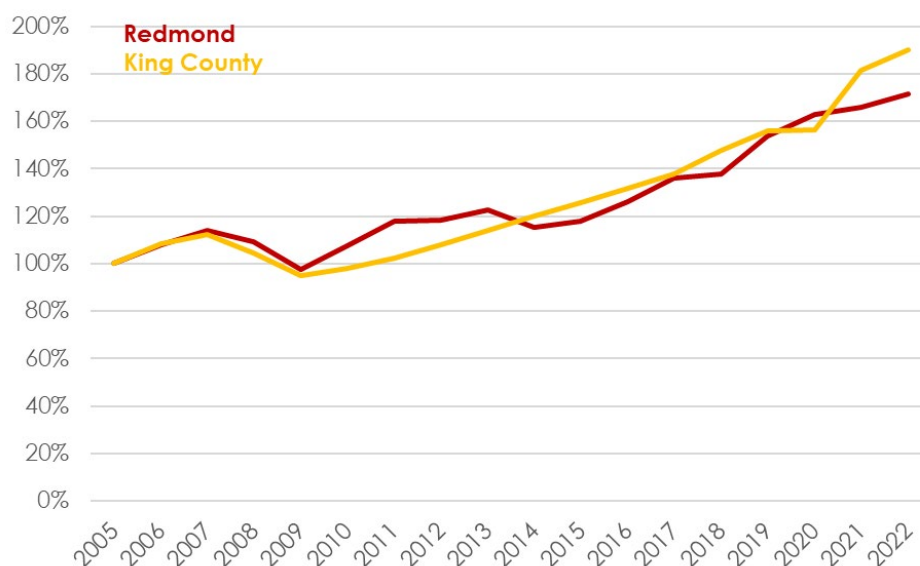
***Redmond's retail sales generated by the retail trade sector are attributable largely to furniture, sports and hobbies, general merchandise and building materials.***

This section analyzes taxable retail sales generated by the retail trade sector<sup>26</sup>. After adjusting for inflation, retail sales in Redmond grew by 14.5% between 2005 and 2022, from \$1 billion in 2005 to \$1.2 billion in 2022. Throughout this period, retail sales in Redmond represented between 4% and 5% of total retail sales in King County. Retail sales in Redmond fluctuated more than the totals for King County and increased at a slower pace (1.2% per year on average compared to 2.2% for King County).

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<sup>26</sup> NAICS 44 and 45. Does not include taxable retail sales generated in the city from other sectors like restaurants or bars or arts and entertainment.

#### Exhibit 24. Taxable Retail Sales Indexed Growth (2005=100%), Retail Trade, 2005-2022



Source(s): Washington State Department of Revenue, 2023; Community Attributes, 2023.

Furniture, electronics, and appliance sales represent the largest share of taxable sales - \$326 million and nearly 28% of all retail sales in 2022 (**Exhibit 25**). The next largest retail sales categories are sports and hobbies (\$321 million), general merchandise (\$227 million), and building materials (\$111 million).

The fastest growing retail industry from 2017 to 2022 is sports and hobbies, with a total change of 145% and a compound annual growth rate (CAGR) of 20% in that period. Fuels stations are another retail industry that is growing rapidly in Redmond, showing a CAGR of 10% from 2017-2022. Furniture, electronics, and appliances along with building materials also show growth, each with a CAGR of 6% from 2017-2022. In contrast, auto, which includes motor vehicles and parts dealers, saw the largest decline in retail sales in Redmond, showing a total change of -35% and a CAGR of -8% from 2017 to 2022.

**Exhibit 25. Taxable Retail Sales by Industry, Retail Trade, Redmond, 2022**

Industry	2022 Taxable Retail Sales	% of Total	% Change (2017-2022)	CAGR (2017-2022)
Furniture, Electronics & Appliances	\$326,276,900	28%	32%	6%
Sports and Hobbies	\$321,423,000	27%	145%	20%
General merchandise	\$227,334,900	19%	5%	1%
Building Materials	\$111,704,400	10%	35%	6%
Clothing/Jewelry/Leather	\$58,702,600	5%	22%	4%
Food and Beverage	\$40,326,200	3%	-1%	0%
Health and Personal Care	\$39,879,600	3%	27%	5%
Auto	\$38,366,800	3%	-35%	-8%
Fuel Stations	\$10,670,600	1%	59%	10%
<b>Total</b>	<b>\$1,174,685,000</b>	<b>100%</b>	<b>36%</b>	<b>6%</b>

Source(s): Washington State Department of Revenue, 2023; Community Attributes, 2023.

**Redmond ranked sixth on retail sales per capita among all cities in King and Snohomish County that reported at least \$1 billion in total retail sales or higher in 2022.**

**Exhibit 26** shows per capita taxable retail sales for cities in King and Snohomish counties with at least 1 billion in taxable retail sales in 2022. Among these cities, Redmond had the sixth highest per capita retail sales in 2022. Bellevue and Kirkland were the only other Eastside cities matching this criterion and they ranked third and fifth respectively. In 2022, Redmond's retail sales per capita of \$16,600 was \$11,000 less than that of Bellevue and \$3,000 more than King County's per capita taxable retail sales.

**Exhibit 26. Taxable Retail Sales Per Capita, 2021 and 2022 (In 2022 \$)**

Geography	Per Capita Taxable Retail Sales (2022\$)	
	2021	2022
Lynnwood	\$57,100	\$57,300
Tukwila	\$60,100	\$55,900
Bellevue	\$27,700	\$26,600
Renton	\$19,500	\$19,500
Kirkland	\$17,800	\$17,100
<b>Redmond</b>	<b>\$16,600</b>	<b>\$15,600</b>
Everett	\$16,500	\$15,400
Auburn	\$15,500	\$14,600
Seattle	\$13,700	\$13,100
Snohomish County	\$13,300	\$12,600
King County	\$14,000	\$13,400

Source(s): Washington State Department of Revenue, 2023; Community Attributes, 2023.

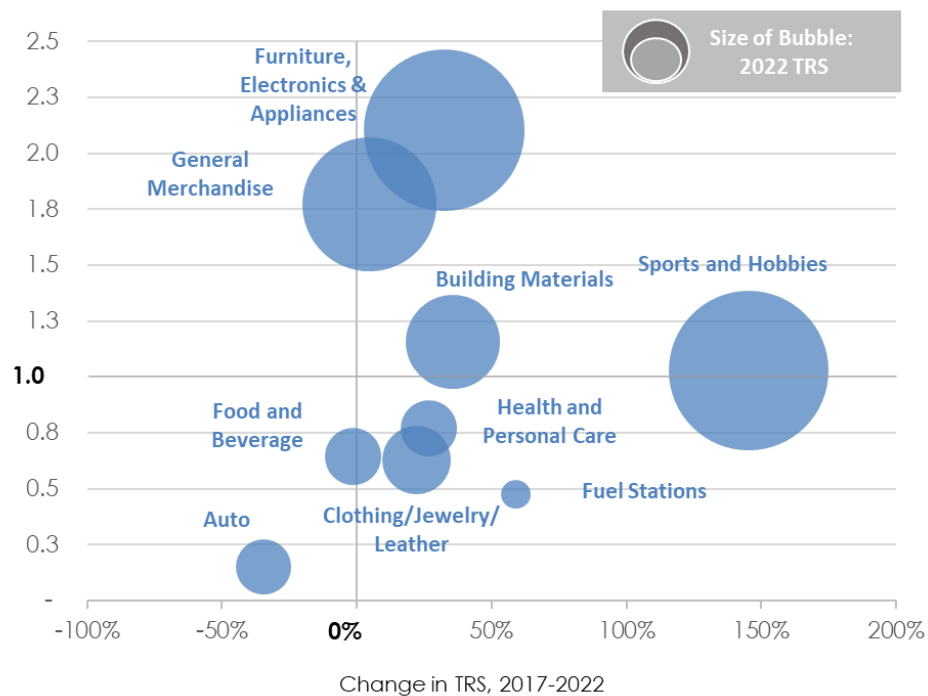
**In 2022, the furniture, electronics, and appliances retail sector reported the largest surplus per capita and was the most concentrated retail sector in Redmond.**



The retail sales more concentrated in Redmond than King County in 2022 are furniture, general merchandise, and food and beverage (**Exhibit 27**). From 2017 to 2022, the fastest growing retail sales categories were sports and hobbies (145%), fuel stations (59%), building materials (35%), and furniture (32%).

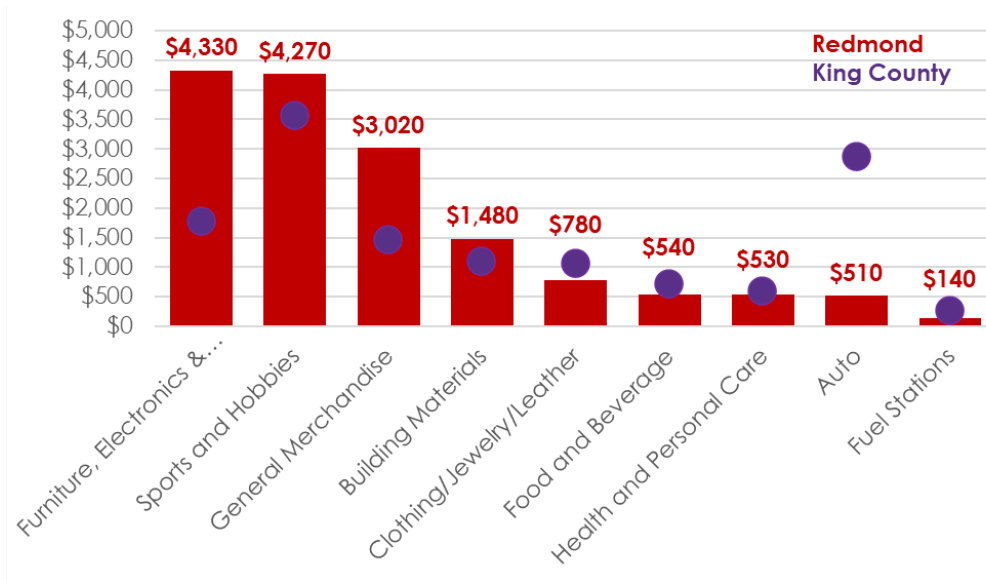
Per capita retail sales in Redmond exceed the King County figure for four industries: furniture, electronics, and appliances, sports and hobbies, general merchandise, and building materials (**Exhibit 32**). In 2022, Redmond's per capita furniture retail sales were nearly \$2,600 higher than the King County figure. Redmond underperforms in a few industries, with the largest difference in auto retail sales. Per capita auto retail sales in Redmond in 2022 was only \$510, nearly \$2,400 less than King County's average in this industry. Auto retail, along with food and beverage, and clothing / jewelry / leather may represent retail sectors with opportunity for further growth in Redmond.

**Exhibit 27. Retail Sales by Industry, Growth, and Concentration Relative to King County, Redmond**



Source(s): Washington State Department of Revenue, 2023; Community Attributes, 2023.

**Exhibit 28. Per Capita Retail Sales by Industry, 2022**



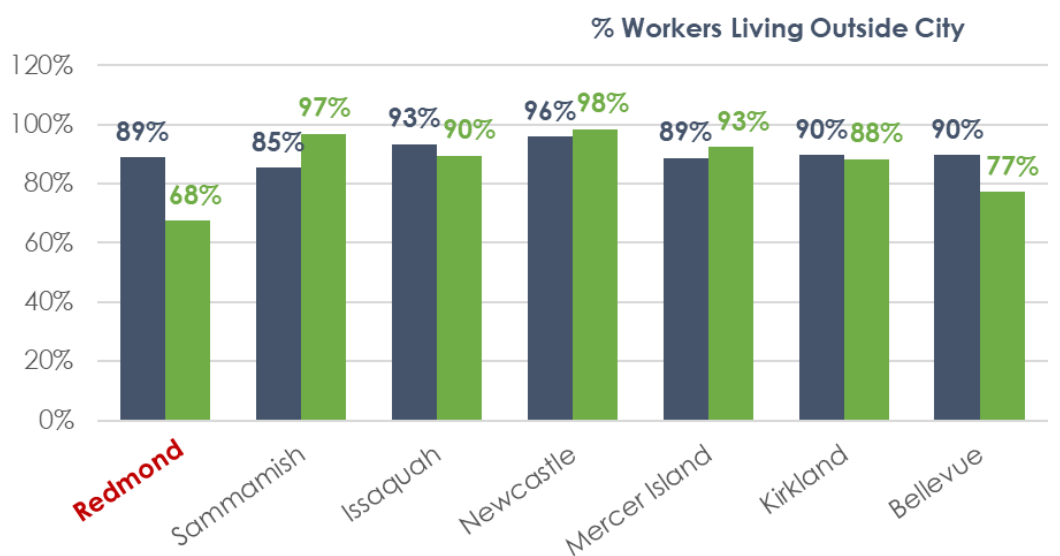
Source(s): Washington State Department of Revenue, 2023; Community Attributes, 2023.

## Commute Trends

***In 2021, 89% of workers and 68% of residents in Redmond commuted outside the city for work.***

In 2021, the latest year for which complete data is provided, the U.S. Census Longitudinal Employer-Household Dynamics (LEHD) program reports that 11,600 residents or 32% of Redmond's population work in the city. Many of these resident workers (8,756 residents or 77%) work in Overlake (**Exhibit 30**). Roughly 68% of residents work outside Redmond and commute for work to Seattle (25%), Bellevue (16%), Kirkland (5%), and other cities on the Eastside and in the region. When compared to other Eastside cities, Redmond has the lowest share of residents commuting outside the city for work.

## Exhibit 29. Inflow/Outflow Shares for Workers and Residents, Redmond, 2021

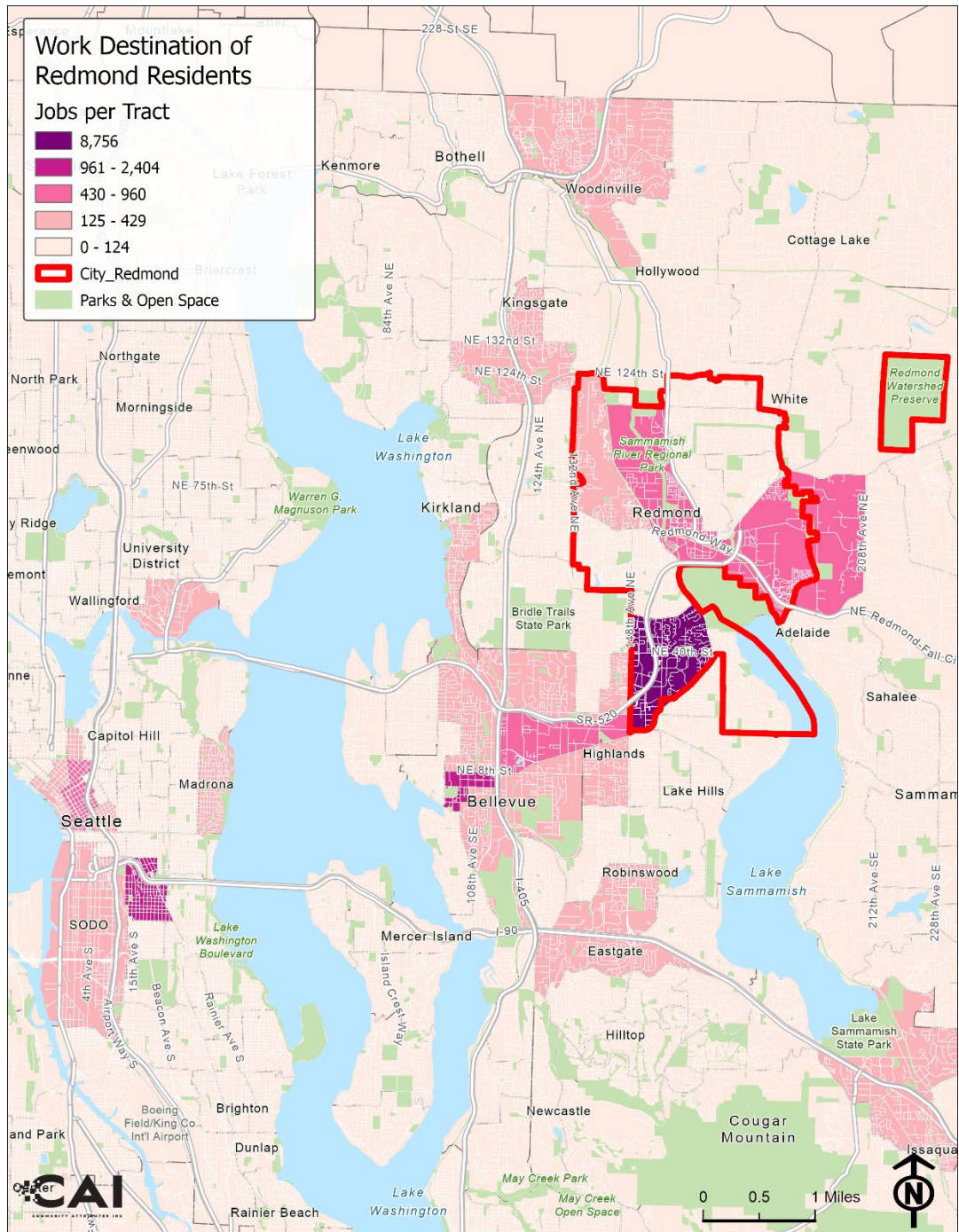


Source(s): LEHD, 2021; Community Attributes, Inc., 2023.

In the same year, 89% of all Redmond workers commuted into the city for work from nearby communities (**Exhibit 31**). Among other Eastside cities shown in **Exhibit 29**, only Sammamish had a lower share of residents working outside the city. The top cities of origin for Redmond workers in 2021 were Seattle (16%), Bellevue (11%), Kirkland (7%), and Sammamish (6%).

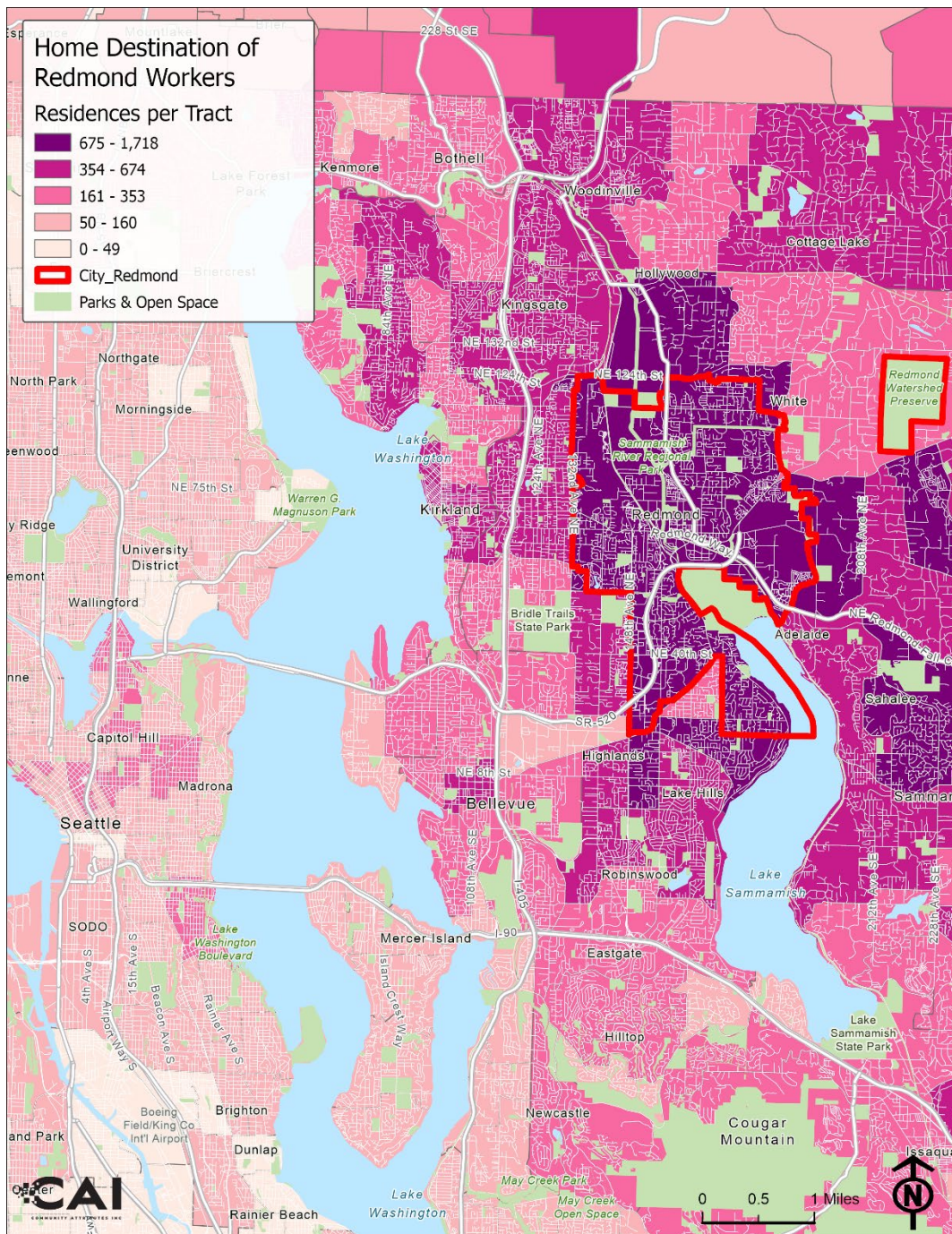
The high share of commuters outside the city creates a burden on the transportation infrastructure, especially during peak commute times. Expanded transit options, such as the opening of four light rail stations that connect Redmond to Seattle, Bellevue, and the rest of central Puget Sound, as well as expanded multimodal options, including the Redmond Central Connector and Eastrail, are expected to help alleviate congestion and reduce commute times.

### Exhibit 30. Work Destination of Redmond Residents, 2021





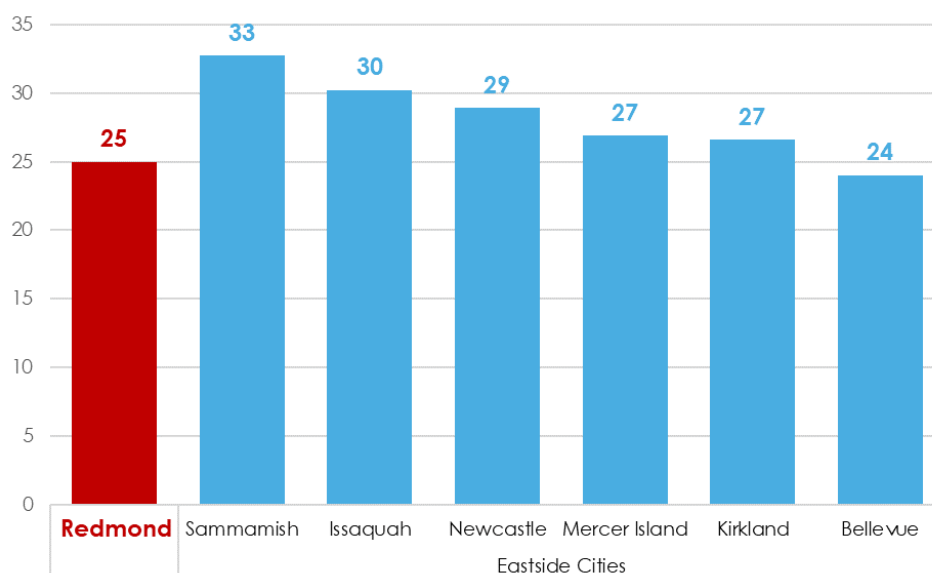
**Exhibit 31. Home Destination of Redmond Workers, 2021**



Source(s): LEHD, 2021; Community Attributes, Inc., 2023.

In 2021, the average commute time for Redmond residents was 25 minutes, shorter than other surrounding Eastside cities (**Exhibit 32**). The city's lower average commute times may be because although many workers and residents commute outside of Redmond for work, they mostly commute to nearby communities on the Eastside and Seattle.

## Exhibit 32. Resident Average Commute Times (in Minutes), 2021



Source(s): U.S. Census Bureau ACS 5-Year Estimates, 2017-2021; CAI, 2023.

## Place

### Real Estate Market

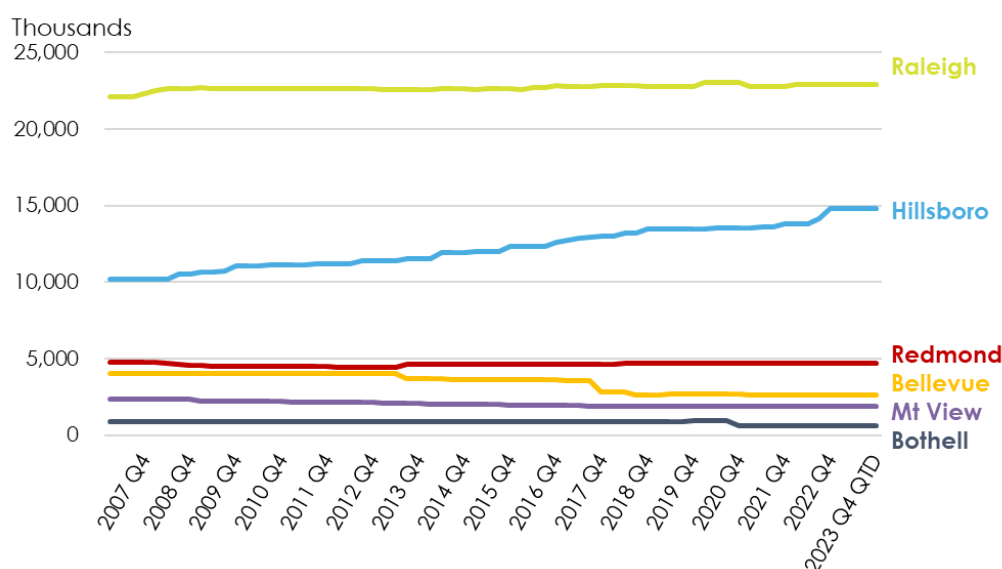
In the following sections, three commercial segments are explored to identify real estate market dynamics and trends that may be contributing to business displacement, as well as inhibiting business expansion or location into Redmond.

### Industrial Segment

***From 2007 to 2023, Redmond's industrial inventory declined by 2% and vacancy rates have been very low since 2020.***

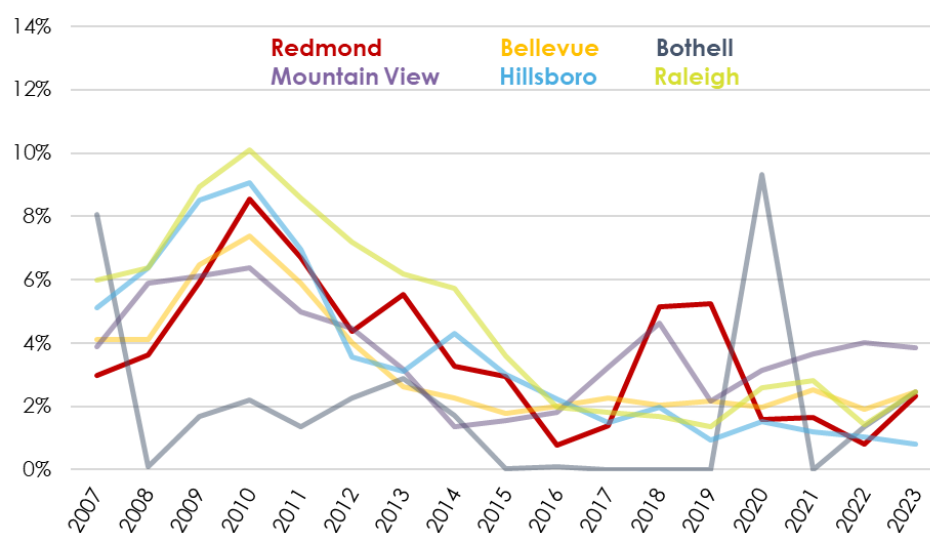
Redmond's inventory of industrial space, smaller than Hillsboro and Raleigh, but larger than Bellevue, Bothell, and Mountain View amongst benchmark cities, has remained relatively stable since 2007 with around 4.7 million square feet as of Q4, 2023 (**Exhibit 33**). During this time, Bellevue and Bothell lost more than 35% and 30% respectively of their industrial inventory, while Mountain View lost 19%. Bellevue's inventory has declined dramatically from a peak of 4.1 million square feet to around 2.6 million square feet today, with the erosion likely linked to the redevelopment of the BelRed corridor from a light industrial zone to a mixed-used employment and residential hub served by light rail. On the other hand, Hillsboro added 45% more industrial space from 2007 to 2023.

### Exhibit 33. Industrial Built Space Inventory (SF), Redmond & Peers, 2007-2023



Source(s): CoStar 2023; CAI, 2023.

### Exhibit 34. Industrial Vacancy Rates, Redmond & Peers, 2007-2023



Source(s): CoStar 2023; CAI, 2023.

In terms of industrial vacancy rates, Redmond has tracked similarly to most of its peers over the years, apart from Bothell which, with its very low inventory (only 638,000 square feet as of Q4, 2023), has experienced long periods of full occupancy and very low vacancy rates since 2007. Redmond's industrial vacancy rate experienced an all-time low of .1% in Q3 of 2022 but has since risen to 2.9% - still a too-low rate for the health of the market that may be impeding locations or expansions in the city (**Exhibit 34**). In the last decade, only four buildings, totaling 284,000 square feet, have been delivered to the Redmond industrial market.

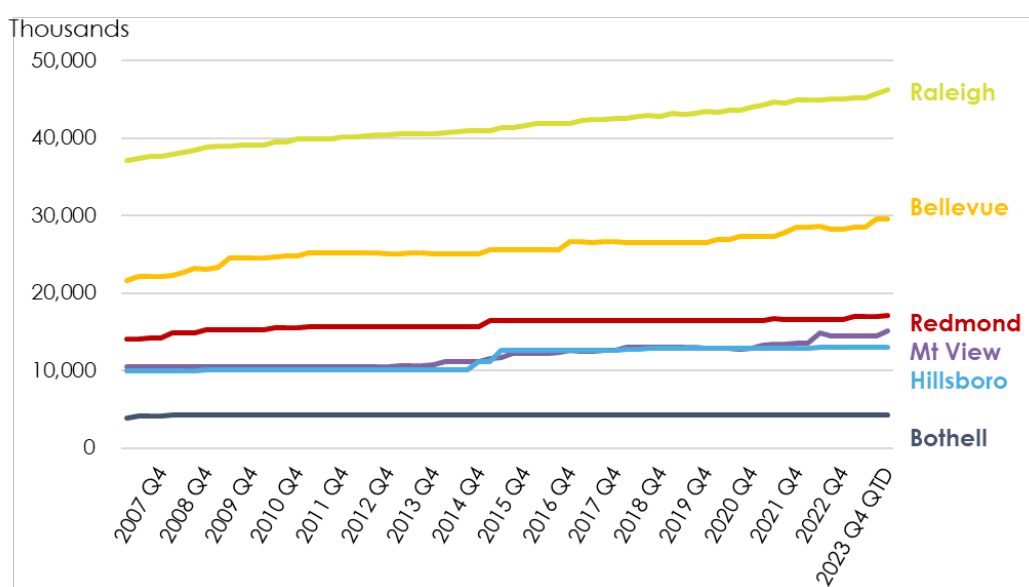


## Office Segment

**Redmond's inventory of office space has not increased significantly for many years and vacancy rates are extremely low by regional standards and relative to most benchmark cities.**

At 17 million square feet, Redmond's inventory of office space was second only to Raleigh and Bellevue among benchmark cities in Q4 of 2023. Office inventory in Redmond and all benchmark communities grew between 2007 and 2023. Growth in Redmond was 22%, most similar to Raleigh (25%), but less than Hillsboro (30%), Bellevue (37%), and Mountain View (44%) (**Exhibit 35**). In the last decade, seven new buildings totaling around 1.5 million square feet have been delivered to the Redmond market.

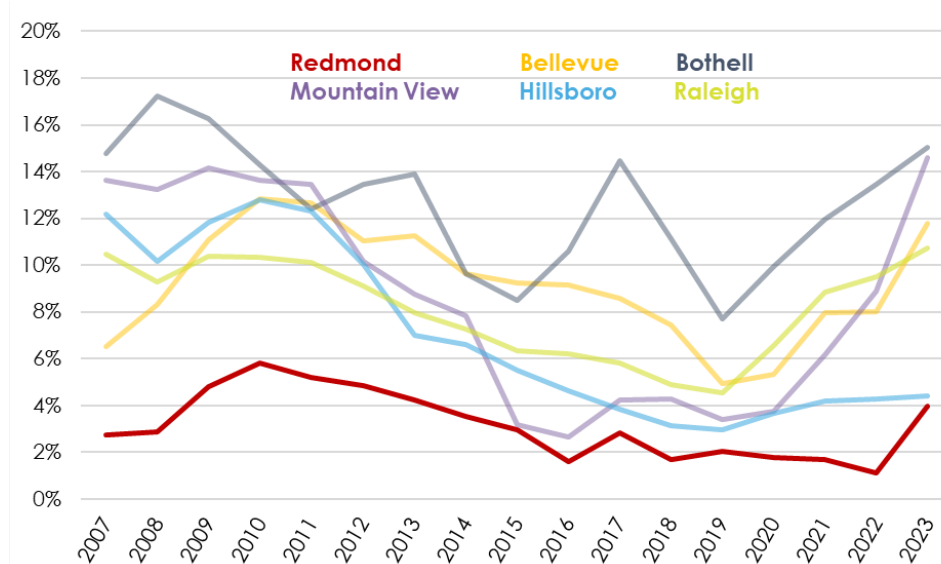
**Exhibit 35. Office Inventory (SF), Redmond & Peers, 2007-2023**



Source(s): CoStar 2023; CAI, 2023.

Office vacancy in Redmond has historically trended lower than all benchmark cities (**Exhibit 36**). Office vacancy rates sharply increased during the pandemic and are continuing to increase through today – in Redmond more than doubling from a tight 1.9% at the end of 2019 to 5% today. However, despite the sharp increase, Redmond's office vacancy rate remains much lower than all benchmark communities and the Puget Sound region average of 13% in Q3 of 2023.

### Exhibit 36. Office Vacancy Rates, Redmond & Peers, 2007-2023



Source(s): CoStar 2023; CAI, 2023.

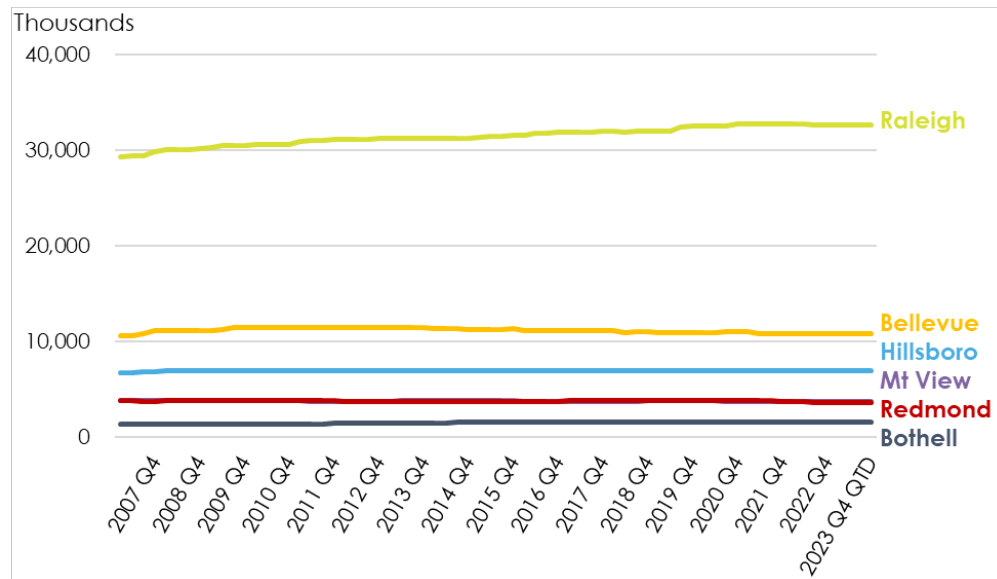
### Retail Segment

***From 2010 to 2022, Redmond's retail square feet per capita declined by 31%, the most of all benchmark cities, and retail vacancies at 1% are extremely low.***

As of Q4 2023 to date, Redmond had around 3.6 million square feet of retail space in total, down from 3.8 million square feet in Q1 of 2007. On a per capita basis, Redmond had a higher retail inventory than Bothell (33 square feet) and Mountain View (46 square feet), but lower than Hillsboro (65 square feet), Raleigh (69 square feet), and Bellevue (71 square feet) in 2023 (**Exhibit 37**). Retail inventory per capita declined in all benchmark cities between 2010 and 2023, but Redmond experienced the highest decrease at 31%.

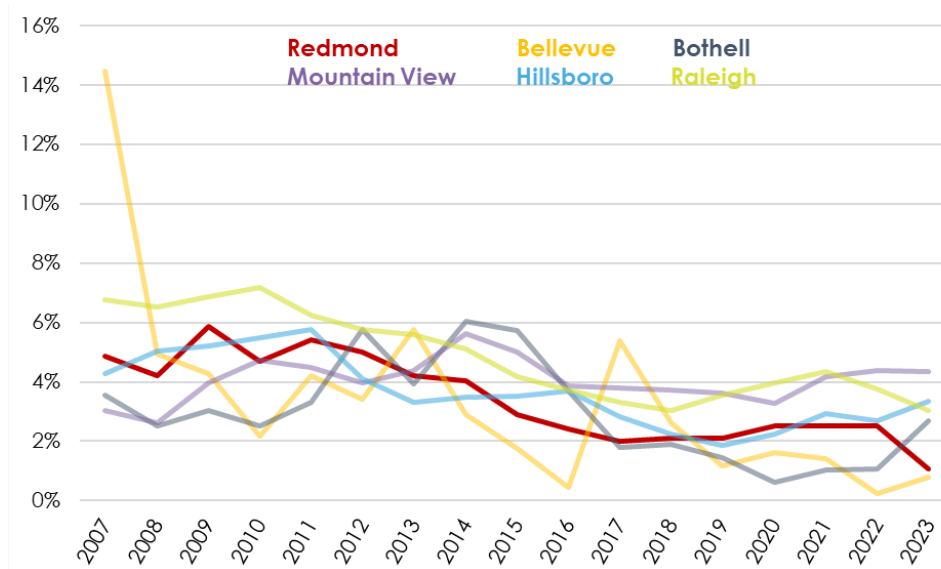
Retail vacancy rates have generally trended downward since peaking around 2009 and dropped to an all-time low in Redmond of 1.1% in 2023 (**Exhibit 38**). Only Bothell and Bellevue had lower retail vacancy rates in recent years. As a vacancy rate of 3% is considered healthy because it represents a market balanced between tenants and owners, these extremely low vacancy rates, and the lack of new deliveries (only two new buildings totaling 162,000 sf built in the last decade in Redmond), indicate that demand is outstripping supply of this commercial typology. This dearth of space is also driving up lease rates and likely impacting smaller and independently owned business viability in Redmond.

### Exhibit 37. Retail Inventory (SF) Per Capita, Redmond & Peers, 2010-2023



Source(s): CoStar 2023; CAI, 2023.

### Exhibit 38. Retail Vacancy Rates, Redmond & Peers, 2007-2023



Source(s): CoStar 2023; CAI, 2023.

## STRENGTHS, WEAKNESSES, OPPORTUNITIES, & THREATS (SWOT) ASSESSMENT

Internal	
Strengths	Weaknesses
Growth in Redmond's BIPOC population.	Extremely high and rising housing prices & cost of living in Redmond.
Most educated amongst benchmark communities.	89% of Redmond workers commute into the city for work.
High median household income (increased buying power).	High median household income (price pressure on housing).
Shorter commute times than areas peers.	Manufacturing sector lost 1,000 jobs in 10 years.
New commuter light rail stations in employment hubs Downtown and Overlake.	More than 3/4 of job growth was in ICT and Interactive Media (vulnerability to contraction / consolidation).
Strong jobs center with employment having grown by 21,000 jobs in 10 years.	Only Life Sciences, ICT, and Interactive Media industries are more concentrated in Redmond than in the region.
Studies conducted and initiatives underway to support Redmond's Creative Economy.	Industrial, retail, and office real estate inventory and vacancy rates are too low.
Institutional support + anchor employers for Space cluster.	Lack of parking in congested areas, including Downtown.
City of Redmond third in the state for number of Life Sciences facilities.	Lack of "last mile" transport options.
Redmond's Tourism Program and Grants are growing visitation to the city through events funding.	Demand for low-income housing exceeds supply in Redmond.
Major tourism and recreational assets including 1,300 ac of parks, 56 miles of trails, golf courses and extensive river / creek and lake access.	Costs, including permitting, have risen unsustainably for hosting events in Redmond.
Presence of numerous major company headquarters in and around Redmond.	Re-commitment needed, and implementation of strategies, for creative sector in Redmond.
Downtown Redmond WalkScore of 80+	Lack of the presence of a workforce development council in East King County or a local entity to serve as a single point of contact for workforce, and businesses being unaware of workforce development resources
Redmond's strong focus on Diversity, Equity, and Inclusion, as well as Environmental Sustainability.	Development permitting is costly and time consuming in Redmond.
Organizations dedicated to promoting Redmond, including ExperienceRedmond.com, Redmond Space District, OneRedmond, Innovation Triangle and others.	

External	
Opportunities	Threats
High growth trajectories of ICT, Interactive Media, Life Sciences, and Clean Energy industries in WA and US.	Periodic consolidation within tech industries.
Exploding demand for satellite internet and services nationwide.	Deteriorating security / public safety in neighboring cities, possible spillover threat to Redmond.
Remote work offers access to a broader talent pool for Redmond companies.	Region-wide housing crisis putting additional pressure on Redmond housing prices & inventory.
Sound Transit connectivity across Lake Washington to Seattle coming in 2025.	Remote work is putting pressure on Redmond companies to divest themselves of physical space.
Redmond's proximity to major transportation infrastructure & assets including SeaTac, Port of Seattle, Link, Sounder, Amtrak, and interstates.	Persistent regional traffic congestion on approaches to Redmond such as on I-405.
Lake Washington School District one of best in the State.	Opaque / overlapping role clarity for CBOs working in Redmond and Eastside cities.
Strong capacity, motivation, and resources of community and economic development orgs / CBOs.	High growth trajectories for two regional growth Centers (Downtown and Overlake), and Marymoor, an emerging countywide growth center, require careful planning for liveability.
The Innovation Triangle, a partnership between Redmond, Bellevue and Kirkland, dedicated to building and maintaining the world's foremost innovation and technology center.	Extremely low vacancy rates in industrial and commercial real estate threaten availability of space for expansion / location in Redmond.
Redmond's global reputation as a hub for all things tech.	
The manufacturing, research and development, light industry, wholesale, assembly, and distribution activities in Southeast Redmond.	
Presence of eight universities / colleges in the region.	
Redmond ranked #12 in the nation as one of the Top 100 Best Places to Live in America by Money Magazine in 2019.	



## INDUSTRY CLUSTER DEFINITIONS AND PROFILES

### ICT and Interactive Media

The ICT and Interactive Media sector is comprised of internet services and publishing activities, electronic retail, software and computer business services, software publishing, telecommunications, and related manufacturing<sup>27</sup>. Business services include cloud computing, computer training, and various software and computer business consulting.

#### Current Conditions

Statewide, the tech sector has been the fastest growing sector in Washington state with a 33% increase in jobs between 2019 and 2022<sup>28</sup>. Between 2015 and 2020, the sector was responsible for 46% of all wage and salary growth and 71% of net job growth in Washington. The tech sector has nearly doubled its share of statewide covered employment, rising from less than 5% in 2007 to more than 10% in 2022.

In Redmond, the ICT and Interactive Media are a mainstay of the city's economy and identity and underpin the emergence of other tech-reliant industries including commercial space, aerospace, and life sciences. The sector added more than 16,000 jobs in Redmond in the past decade - a gain of 35%. Microsoft is the leading ICT and Interactive Media presence in Redmond, with a 502-acre campus employing more than 47,000 workers<sup>29</sup>. The employment impact of Microsoft in Washington state was most recently estimated at 273,507 jobs, and the employment multiplier was 5.9 - each job at Microsoft supports almost six jobs elsewhere in the state. Microsoft's total output impact in Washington state was estimated at \$59.7 billion and its total labor income impact was \$21.6 billion<sup>30</sup>.

Redmond is also the home of other key ICT and Interactive Media companies, including Nintendo's US headquarters, a Meta (Facebook) VR development lab, AT&T Mobility, and an array of smaller tech companies and startups such as Pushpay, MediaAlpha, Helion Energy, OneLogin, and Aduro.

#### Challenges and Growth Opportunities

Despite recent workforce reductions, Washington's tech sector is well-positioned to remain a global center of innovation, with numerous new technologies that will shape communication, manufacturing, and other industries like maritime, clean energy and healthcare. Key growth areas will include:

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<sup>27</sup> Washington Technology Industry Association (WTIA), 2023; Washington Interactive Network, 2014.

<sup>28</sup> Technology Sector Economic Outlook in Washington State and the Greater Seattle Region, Washington Technology Industry Association (WTIA), 2023.

<sup>29</sup> Microsoft Redmond Campus Fact Sheet, Microsoft, 2022.

<sup>30</sup> Ibid.

- Generative artificial intelligence (AI) and intelligent applications
- 5G and “edge computing” (a distributed computing paradigm that brings computation and data storage closer to the Source(s) of data) contributing to the Internet Of Things (IoT)
- Continued growth of the cloud and Washington’s status as one of the world’s largest cloud computing hubs
- Satellite broadband
- ICT solutions for healthcare and clean energy (for example, “digital biology” to map RNA, 5G applications for monitoring remote wind turbine facilities, improved mechanical and production efficiencies on the factory floor etc.)

To capitalize on these growth opportunities, the tech sector requires ongoing support to address potential challenges the sector is facing:

- Policy and regulatory issues and economic uncertainty (high interest rates, geopolitical uncertainties etc.).
- Unfilled jobs across the sector and in other sectors that rely on science, technology, engineering, and math (STEM) talent and computational thinking skills.
- Shifting to a hybrid work model and disruptions of commercial real estate market.
- A more diffuse labor market (or the “suburbanization” of tech).

## **Commercial Space & Aerospace**

The space and aerospace industry cluster includes<sup>31</sup>:

- Radio and television broadcasting and wireless communications equipment manufacturing, which includes satellite manufacturing.
- Space Vehicle Manufacturing Propulsion Units and Parts for Space Vehicles and Guided Missiles, including the development and manufacture of rocket engines and major spacecraft components.
- Nonscheduled Chartered Freight Air Transportation, which includes private space launch services and launch-sharing coordination.
- Satellite Telecommunications, focusing on businesses that provide telecommunication services to other industries, including resellers of these services.

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<sup>31</sup> Puget Sound Regional Council, 2022; Aerospace Futures Alliance, 2018.

## Current Conditions

A recent report by the Puget Sound Regional Council found that the central Puget Sound Region has experienced a doubling in employment and activity in the space economy since 2018<sup>32</sup>. The main sources of growth included the development of launch vehicles and related activities by Blue Origin and the advancement of satellite manufacturing and satellite-related services by Starlink, Project Kuiper, LeoStella, and other firms. There has also been an increase in startups that are attracting funding and looking to provide innovative solutions in the field.

While new space experienced rapid growth, traditional aerospace manufacturing in King County is shrinking, having experienced a 41% and 48% decrease in employment and output, respectively, between 2016 and 2021. This decline predates the pandemic, as both output and employment shrank in 2017 and 2018<sup>33</sup>.

According to analyses presented at the recent inaugural OneEastside Innovation Summit in Redmond, "the Redmond space district has 3,400 workers in the space sector across 15 companies in the ecosystem, equating to 26% of the state's space workforce working for Redmond Space District companies and 30% of Washington space companies being located in Redmond<sup>34</sup>." The newly designated Redmond Space District is part of Washington State's broader New Space and Aerospace industry and was created with the aim of supporting Redmond's growing space cluster. Leading Redmond space companies include Aerojet Rocketdyne, Amazon Project Kuiper, Kymeta, Xplore, RBC Signals, SpaceX (unincorporated Redmond Ridge area), and others.

In aerospace, examples of Redmond-area companies include: Honeywell Aerospace with its focus on avionics and sensor development; IDD Aerospace, providing flight deck lighted panels, custom control panel assemblies, keyboards, bezels, switch panels, and aircraft interior lighting solutions; Triumph Aerospace System which engineers, manufactures, repairs and overhauls aviation components, accessories, subassemblies, systems, and aircraft structures; Spectralux Avionics, which designs and manufactures high reliability data link communications equipment.

## Challenges and Growth Opportunities

Several regional and state economic development organizations have identified space as a growth opportunity and are investing in those opportunities, including Greater Seattle Partners, PSRC, and the Washington Department of Commerce. PSRC predicts that Washington state's space industry will grow by more than six times by 2045.

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<sup>32</sup> The Washington State Space Economy: 2022 Update, Puget Sound Regional Council, February 2022.

<sup>33</sup> King County Aerospace Alliance, Air and Space 2030 Strategy, Spring 2023.

<sup>34</sup> "Speakers: Space Sector Providing Thrus, Opportunity for Eastside Companies, Economy," 425 Business, November 2, 2023.

The King County Aerospace Alliance Air and Space 2030 strategy identified that King County's market strengths provide a strong foundation for growth in:

- Sustainability: Movement to reduce emissions of aerospace products and services, as policy, regulatory, and consumer attention on climate change continues to grow
- Innovations in Manufacturing and Maintenance, Repair, and Operations (MRO): Innovative use of tech and/or services in the design, manufacture, maintenance, repair, and operation of aerospace products
- New Space: The development of the private spaceflight industry – a community of individuals and firms working to create and advocate for low-cost spaceflight technologies

The industries expected to be impacted by these growth trends include industries involved in data analysis and cloud storage, earth observations, space-based communication, in-orbit servicing and maintenance, biofuels, solar and electric power supply, and environmental, social, and governance<sup>35</sup>.

To adapt to shifts underway, the aerospace and space sector needs to overcome the following challenges<sup>36</sup>:

- Overall sector: Limited ecosystem coordination, regulatory burdens, and disruptive trends
- Supply chain: Global competition, supply chain gaps, and challenges to modernization
- Workforce: Barriers to entry, regional and industrial competition for talent, and insufficient awareness have caused a labor shortage – particularly for specialized and technical roles

## **Life Sciences (including Biotechnology)**

The life science industry can be grouped into five major components: pharmaceuticals, medical devices and equipment, research, testing, and medical labs, bioscience-related distribution, and agricultural feedstock and industrial biosciences.<sup>37</sup>

### **Current Conditions**

According to a report from Genetic Engineering and Biotechnology News, Washington's life science cluster has transformed from a top research cluster to one of

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<sup>35</sup> King County Aerospace Alliance, Air and Space 2030 Strategy, Spring 2023.

<sup>36</sup> Ibid.

<sup>37</sup> Career Connect Washington Sector Intermediary for Life Sciences, Life Science Washington, 2023.

the top 10 life science clusters (number eight) in the United States<sup>38</sup>. From 2015 to 2021, Washington's life science industry employment grew by 33.6% - outpacing both Washington private sector job growth and life science job growth nationally and served as a buffer during the economic downturn<sup>39</sup>. Much of the growth was fueled by local companies adding commercial and manufacturing jobs, especially in the research, testing, and medical labs and pharmaceutical manufacturing subsectors.

In Redmond, according to Life Science Washington (LSW), there are 53 life sciences facilities, ranking the city fourth among the 136 Washington cities hosting facilities in the cluster (behind only Seattle, Bellevue, and Bothell). Redmond companies prominent in the cluster include Systimmune, Inc., a clinical-stage company developing innovative cancer therapeutics; Inventprise's three manufacturing facilities focusing on R&D and small-scale drug production suites; Bio-Rad Laboratories, a leading blood, antibody, and autoimmune testing technologies developer; and Eurofins Panlabs, an analytical food testing firm. Just-Evotec, a life sciences company jointly based in Seattle and Germany, opened a new 130,000 square foot lab and manufacturing facility in 2021 to make monoclonal antibodies and re-imagine drug production<sup>40</sup>.

## Growth Opportunities

Life sciences was one of a few industries that was resistant to pandemic-related and other recent economic downturns. LSW, in its 2023 economic impact report, identified policy priorities for the sector, including developing a sufficient workforce to sustain Washington's life science industry; ensuring that business, tax, and regulatory policies enable companies to invest in long-term, high-risk R&D programs; supporting entrepreneurship and start-up mentoring programs; and investing further in research & educational facilities.

While Washington continues to be among the best in the nation in attracting federally funded research (the state ranked eighth in NIH funding with 1,605 awards totaling \$1.168 billion in 2022), the state may lag in translating that research into industry-led R&D and related job growth<sup>41</sup>.

Among the most promising areas of opportunity for life science development in Washington are cancer immunotherapies (and other cell therapies) and ultrasound technologies. Emerging areas of innovation include agricultural and marine

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<sup>38</sup> "Top 10 U.S. Biopharma Clusters," Genetic Engineering and Biotechnology News, June 3, 2022.

<sup>39</sup> Washington State Life Science Economic Impact Report, Life Science Washington, 2023.

<sup>40</sup> Redmond facility opens to make monoclonal antibodies and re-imagine drug production, Seattle Times, August 19, 2021.

<sup>41</sup> Life Science and Global Health Development In Washington State: Future At Risk, Teconomy Partners LLC, prepared for the Washington Life Science & Global Health Advisory Council, 2017.

biosciences, precision medicine, and digital health/ health information technologies. Examples of promising partnerships in global health include the intersection of big data with population health research and anti-microbial resistance.

## Creative Economy

The creative economy comprises an extremely varied collection of activities including both high-earning creatives working in tech occupations and low-earning creatives working in arts, design, entertainment, and media occupations – a disparity further exacerbated by whether a worker is employed or self-employed<sup>42</sup>.

For this study, the creative economy is defined more narrowly and does not include creative technology, which is included in the ICT and Interactive Media cluster. The creative economy definition encompasses architecture and living spaces, culinary arts and beverage, cultural institutions, creative technology, design and advertising, fashion, film, television, and radio, music, performing arts and visual arts, and publishing (excluding software publishing)<sup>43</sup>.

### Current Conditions

According to a 2022 Department of Commerce report, employment in the creative economy (including creative technology) has increased by over 50% between 2011 and 2021<sup>44</sup>. The creative technology sector experienced the highest growth during this period (130%) and was the only sector to grow during the COVID-19 pandemic. Arts sectors such as culinary arts and cultural institutions grew by 46% and 35% respectively between 2011 and 2021, despite a substantial decline during the pandemic. Over the same period, the publishing, fashion, and film sectors have seen a steady decline in employment throughout the state. While music, performing arts and visual arts is the second largest creative sector contributing to the state's employment it has seen a decline in employment starting in 2018<sup>45</sup>. Roughly 73% of the state's jobs in creative industries are in King County and most of those jobs are attributed to the creative technology sector<sup>46</sup>.

In Redmond, the creative economy sector (excluding creative technology) has not experienced any growth in the past decade. The City's 2023 Parks, Arts, Recreation, Culture, and Conservation (PARCC) Plan includes an entire chapter devoted to strategies encouraging the development of arts and cultural facilities via the Parks

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<sup>42</sup> "There's Something About Seattle: 2019 Creative Economy Report," City of Seattle Office of Arts & Culture, 2019.

<sup>43</sup> "Creative Economy Strategic Plan 2022 Update", Washington State Department of Commerce, 2022.

<sup>44</sup> "State of Washington Creative Economy Strategic Plan Framework", Washington State Department of Commerce, March 31, 2023.

<sup>45</sup> Ibid.

<sup>46</sup> "Creative Economy Strategic Plan 2022 Update", Washington State Department of Commerce, 2022.



Planning and Cultural Services Division, Recreation Division and the Redmond Arts and Culture Commission.

## Challenges and Growth Opportunities

In the process of developing a strategic plan for the creative economy in Washington, the Department of Commerce identified several challenges for the industry<sup>47</sup>:

- Affordability – high costs of housing, commercial space, office space and materials
- Streamlining engagement and reducing barriers – various processes necessary for participation in the creative economy, including licensing, funding, social safety nets and taxes, could be inaccessible to many
- Evolving landscape and needs – there are a greater range of entry points and types/forms of creative economy businesses, entrepreneurs, and workers, and they are continuously evolving
- Aligning services and better utilizing existing programs to grow the creative economy
- Improving access to arts education and creativity in education and easing educational debt burden

The Puget Sound Regional Council uncovered similar challenges and developed an Arts and Culture Economic Recovery strategy in 2022 to stop the creative brain-drain and improve the region’s creative economy. PSRC’s report recommends piloting a guaranteed income program for creative workers, pointing to a San Francisco program that paid 130 artists and cultural workers \$1,000 monthly stipends, with the money coming from private and public funds (similar programs have also been piloted in New York and St. Paul, as well as Ireland). The report also highlights the low spending per capita on state arts agencies, with \$0.34 spent per capita in the fiscal year 2022, placing Washington 46<sup>th</sup> in the nation.

## Clean Energy / Clean Tech

According to a PSRC report, “clean tech,” also known as the clean energy sector, is comprised of the entirety, or portions, of the following sub-sectors including Energy Generation and Distribution, Residential Construction, Non-residential Construction, Manufacturing, Architectural Services, Engineering Services, Environmental Consulting, Research and Development, and Recycling and Waste. Beyond a sectoral definition, the cluster includes activities around renewable energy generation and distribution – including wind, solar, hydro, bioenergy, and geothermal, energy efficiency, and clean energy storage.

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<sup>47</sup> “State of Washington Creative Economy Strategic Plan Framework”, Washington State Department of Commerce, March 31, 2023.

New Washington state legislation seeks to turbocharge the state's clean energy future. State Bill 5116, calling for 100% carbon-free electricity by 2045 for all electricity utilities in Washington state, makes Washington the fourth state, and the first in the Northwest, to pass 100 percent clean electricity legislation. SB 5116 will affordably and reliably eliminate coal power by 2025 and transition the state to 100 percent clean and renewable electricity by 2045.

## Current Conditions

In Redmond, companies like Helion Energy, chasing commercial-scale nuclear fusion; wireless power developer Ossia; Greenwood Clean Energy, a maker of innovative wood-gasification boiler-based heating systems; and Puget Sound Energy, with its strong renewable energy portfolio and Green Direct program (which the City of Redmond participates in), all contribute to the strong King County clean energy cluster. In 2021, the City of Redmond produced a Zero Carbon Strategy, driven by the vision of the Climate Emergency Declaration and the Environmental Sustainability Action Plan (ESAP), outlining how to transition city operations to net zero carbon by 2030 – and to become carbon-free by 2045.

## Challenges and Growth Opportunities

When compared to its west coast neighbors, Washington's clean energy employment per capita lags Oregon and California. Additionally, growth of clean energy jobs year-over-year in Washington has slowed, standing at only 2.2 percent in 2018 versus 3.6 percent nationally. Yet, important new policy adoptions occurred in 2019 including: passage of a hallmark 100 percent clean electricity bill (SB 5116) that places Washington among an elite group of states striving to phase out fossil fuels from their electricity grid by 2045, transitioning to a grid exclusively powered by solar, wind, and other clean technologies; and, an ambitious building decarbonization and energy efficiency standards, as well as strong electric vehicle incentives covering all vehicle classes.

To lead in a rapidly shifting energy market, Washington's legislature could pass strong measures to cut carbon across all sectors of its economy, including authorizing a zero-emission vehicle program, a low carbon fuel standard, and an economy-wide cap-and-invest carbon pricing program.

# City of Redmond Economic Development Strategic Plan: Engagement Summary

## Background and Purpose

The City of Redmond is developing an Economic Development Strategic Plan (EDSP) to guide the city's economic development efforts over the next five years. The plan will draw on both quantitative and qualitative data to inform goals and strategies and will be in alignment with existing local and regional policies. This engagement summary describes the findings from engagement activities completed to inform the plan, including interviews with business leaders, surveys of Redmond's business community, and industry-specific focus groups.

## Methods

Engagement activities in support of the plan include:

- One online business survey available in six languages.
- Four interviews with major employers in Redmond and one interview with OneRedmond staff.
- Six focus groups of businesses and organizations involved in retail and restaurant, creative economy, tech and interactive media, life sciences, space/aerospace, and manufacturing sectors.

Interviews and focus group participants were identified by and invited to participate by the City of Redmond. The consultant team completed these activities in the months of October 2023 to January 2024.

## Focus Group and Interview Findings

The following themes are consistently reported by participants in focus groups and interviews and represent the insights of Redmond's business community and stakeholders, not formal recommendations.

### *Transportation*

**The new light rail running through the city opens possibilities to improve the quality of life for Redmond residents and workers.** Participants believe the light rail will be a great opportunity to improve work life balance by shortening commute times into the city.

Concerns were raised about some light rail stations not being pedestrian friendly or well lit. According to the participants, these stations will need extra lighting and sidewalks to ensure the safety of patrons using the light rail.

**Last mile public transportation is important to realize the full potential of the new light rail stations in Redmond.** The light rail offers opportunities to improve public

transportation not only in Redmond, but the region as well. Businesses want the transportation from the light rail to connect to businesses and office parks to allow for an easier commute for their employees. Concerns arise in making sure that the light rail is efficient for employees and a viable option for commuting to businesses not in the immediate proximity of the station.

In addition, **participants are concerned about the lack of parking in highly congested areas, such as Downtown Redmond.** One participant mentioned they have a parking lot in front of their building but are not allowed to park there. As more residential areas are emerging, participants want to be sure the city is taking parking into consideration.

### *Cost of Living*

**The cost of living in Redmond is increasing and raising concerns for business owners and employees alike.** Some participants mentioned not being able to attract employees because they would not be able to afford to live in Redmond. Even participants in historically higher paying industries mentioned challenges in this area.

Some residents who have lived in Redmond for over five years have mentioned that **older residential housing areas, specifically apartments, require some upgrades and renovations have been slow.** Rent prices have increased but the quality of housing does not seem to be increasing. Business owners believe that to retain talent and make employees want to live within Redmond city limits, these residences should be updated.

**Some participants believe that while Redmond offers low-income housing, the need is greater than the offerings.** Because of the costs, participants are finding that their employees choose to live outside of Redmond and commute into the city to work. The cost of living poses a challenge for businesses in attracting talent to the area, requiring higher salaries to accommodate living expenses in Redmond.

Business owners in the focus groups stated that their **employees seek a vibrant city life with diverse recreational options, emphasizing the need for more restaurants (for example, fine dining) and entertainment.** Additionally, the quality of schools significantly influences recruitment. A participant mentioned that when recruiting parents, they prioritize competitive educational institutions that guarantee a high-quality education for their children. Addressing these factors could contribute to making the area more appealing for potential talent.

### *Availability of Space*

**Hosting events in the city has become increasingly challenging and prohibitive to the creative sector.** Focus group participants mentioned that the costs to host events in Redmond have significantly increased, making it more difficult to afford. Permitting fees were given as a specific example of such costs. In addition, Redmond lacks public, arts, and cultural spaces and a performance space for large scale events when inclement weather is involved. Participants suggested that a dedicated sizable cultural and arts

venue in Redmond would be a centerpiece for the ecosystem and could generate significant economic benefits to the city.

**The limited availability of commercial space in Redmond, especially in the industrial and manufacturing sectors, poses challenges for businesses.** The new spaces being developed in the area are expensive. These newly developed spaces also do not fit the needs of those in the industrial sector. Lack of availability could impact economic growth and development in the city. One participant from the industrial sector focus group noted that because the specific mixed-use space is not available, they will need to relocate to another city. Another participant from the creative sector mentioned the lack of space may push arts and culture businesses out of the city to more affordable places like Edmonds or Woodinville, although the preference is to remain in Redmond.

**Despite the challenges in commercial space availability, many participants express a preference for Redmond when asked what city they would select if asked to reconsider their location choice.** Some believe the abundance of talent in the tech industry is likely a key factor in this decision.

### *Remote Work*

**Participants mentioned that remote work has not only changed the need for office space, but also hiring trends.** The hybrid work model has changed the work culture. With people working from home, business owners in the home-based business focus group no longer see the need to rent or buy large spaces to accommodate people. This also affects the talent pipeline. The technology and interactive media focus group is keen on hiring locally, although remote work offers access to a broader talent pool. Some participants note the need to balance this broader remote talent pool with wanting to hire local talent.

### *Creative Sector*

**Creatives believe that the City of Redmond would benefit from a revival of the commitment to the arts and culture.** Participants in the focus group felt that at one time, Redmond was seen as a hub for creatives and set the standards for surrounding areas. Participants think that the city's priorities have changed, and the resources that were once allocated to arts and culture have diminished. They mentioned "it would be helpful if the city resources and intent was 100% behind arts and culture". They suggested that a strategy would be useful to define who Redmond wants to be with respect to arts and culture and how the city can achieve that vision. Additionally, participants believed a partnership with the private sector would be beneficial to the sector.

**Participants from the creative sector focus group also mentioned that they face difficulties finding space for their businesses, not just events.** Given the nature of their work, participants find landlords hesitant to work with them. One participant who owns a music school for kids said if he had to move it would be challenging to find a new space for his business where the noise would not be an issue as most new development is

mixed-use residential. Another participant mentioned other cities are requesting some new developments to put aside 10% of the bottom floor for public spaces.

### *Space & Aerospace*

**The space and aerospace sector sees an opportunity to increase awareness of their industry in Redmond and the region.** Finding talent in the area is an issue for the industry. Participants from this sector would like to partner with schools in the area to educate students about opportunities in these industries and map clear career pathways to enhance the talent pipeline in the region.

The industry faces challenges in building a talent pipeline and promoting career opportunities in space. While individual companies have internal training programs, there is an opportunity for collaboration to consolidate efforts and enhance training initiatives at both the local and state level. This could contribute to a more unified approach to addressing the talent needs of the sector.

### *Permitting & City Services*

**Permitting for development is a contentious issue among participants, and businesses cite challenges such as delays and lack of technical expertise.** Participants note a disconnect between developers and city officials, leading to prolonged turnaround times for approvals. Developers advocate for increased staffing in the office to streamline processes and expedite approvals more efficiently.

Numerous projects are frequently delayed, prompting a need for the city to expedite reviews and shorten timelines. Turnover in the city offices has resulted in developers having to bring new personnel up to speed, contributing to additional time delays in the process. Streamlining these procedures and addressing continuity during staffing changes could significantly improve efficiency.

Additionally, developers express a need for the city to hire a technical expert with proficiency in non-traditional buildings. Some businesses, particularly in innovative sectors, aim to diverge from the standard Class A office space, and there is a perceived lack of in-house expertise within the city regarding this specific type of development. Having a technical professional who understands these unique projects could enhance collaboration and streamline the approval process.

### *Public Safety*

**Participants would like to ensure that Redmond will not face similar public safety challenges as Seattle.** Redmond is perceived as a safe place, and participants want to ensure that it stays that way. Business owners want to feel comfortable and not have to add extra security given that they already have a fair amount in place. Participants also



expressed concern over a possible increase in homelessness, and the city taking preventative action to improve housing options.

### *Other*

Suggestions for improvement in Redmond, such as implementing map directories of businesses and fostering regular community gatherings, indicate a desire for better networking and visibility within the city. These efforts could potentially enhance the overall business environment and community engagement.

## **Survey Findings**

An online business survey was developed to collect feedback and input from the business community in Redmond on challenges, needs, and opportunities and what is required to create a successful economic future for Redmond. The business survey was made publicly available starting on October 30, 2023 and closed on January 31, 2024. The survey was provided in six languages. It was hosted on the City of Redmond Economic Development Strategic Plan web page, promoted on social media (City of Redmond Facebook page), and included in OneRedmond's monthly newsletter.

This section summarizes the main findings from the responses received. The takeaways reflect the responses and are not formal recommendations. A more detailed summary of the survey is provided in Appendix A.

### **Respondent Demographics and Information**

A total of 18 businesses in Redmond responded to the survey and completed the survey in English. The following are characteristics of survey respondents:

- All respondent businesses have less than 50 employees.
- 59% of respondent businesses are located in Downtown Redmond, and 12% each in Willow Rose Hill and Marymoor Village.
- 47% of respondent businesses have been in operation in Redmond for more than 10 years, and another 35% have been in operation between 1 and 5 years.
- Most survey respondents were the business owners.
- 76% of respondents stated their business was locally owned.
- Respondents represented a range of different industries, including food service, healthcare, information technology, professional services, manufacturing, education, arts, retail goods, cold storage/seafood process, and wellness.

### **Challenges**

**Unaffordable commercial rents, parking, and finding qualified and skilled employees were most frequently ranked by respondents among the top three challenges their businesses is facing in Redmond today.** Some businesses mentioned rents are their highest expenses and are impacting their financial viability.

When asked to further describe any challenges or needs specific to their industry, responses varied and included **finding qualified workers, difficulty finding suitable space for their businesses due to redevelopment pressures, increasing business operating costs (rents, wages), supply chain disruptions, and stringent regulations.** One business mentioned that the city should think about locally owned businesses as not just restaurant and retail, but also “small professional businesses such as accountants, bookkeepers, brokers, attorneys, doctors, physical therapists, etc.”.

Respondents also stated the costliest development or business regulations for their business were mostly state regulations and taxes, lack of parking, the costs of building a new facility in Redmond, and providing mental healthcare services to employees.

Asked about their experience with the city’s permit process, some respondents raised concerns over the cost of obtaining a permit and the time it takes to secure a permit from the city. One business raised concerns regarding materials that are not banned under current permit regulations.

## Strategic Considerations

When asked about the most important goals and / or strategic considerations from an economic development perspective for the City of Redmond in the next five years, **the top three priorities were retaining (and expanding) existing companies and reducing displacement, supporting entrepreneurship and innovation, and supporting small, multicultural, and home-based businesses.**

**The software and cloud technology cluster was selected by 16% of respondents as the highest ranking in terms of growth opportunities in Redmond.**

Aviation/aerospace, sports and recreation, and arts and culture were each chosen as clusters with high growth opportunities by 10% of respondents.

Respondents also identified several support strategies that the City of Redmond could provide to these sectors to capitalize on growth opportunities:

- Provide affordable, suitable, safe, and secure space for businesses to locate and operate.
- Provide opportunities for artists to exhibit and sell their artwork and more art walk events.
- Provide periodic industry networking events.
- Grants for small and small-medium sized businesses to develop and commercialize new businesses.
- Offering regulatory support and incentives.

**One fifth of survey respondents mentioned they would like to see more arts, entertainment, and recreation businesses expand or locate in Redmond.**

Respondents believe the roadblocks and obstacles that stop these types of businesses from coming to Redmond are a lack of space for businesses, with current development

favoring residential units over commercial property. Rising wages, taxes, and rents were also concerns.

## Workforce Development

When selecting workforce issues that have challenged their business recently, 20% of respondents selected **lack of suitable workforce housing**, while 13% of respondents mentioned **shortage of workers and workers lacking “soft” skills or work ethic**, and another 11% of respondents mentioned **inability to meet wage expectations**.

Specific skill sets difficult to find, hire, and/or retain included sales and physical labor skills.

Only a few respondents provided suggestions for programs or resources that would be useful for workforce development and training. These varied among respondents and included industry-focused training, apprenticeship programs and partnerships with local schools to align skills with local demand and foster career growth, state and federal grants to support Redmond as a life science, medical, clean tech business center, trades workshops to increase awareness and exposure to opportunities outside of the technology sector, easy access to services such as childcare and healthcare, and affordable housing.

## Displacement Risk

**When asked about displacement risk, 41% of respondents mentioned they feel their business may be at risk of being forced to relocate from Redmond in the next five years.** Only 18% of respondents believe they are not at risk of being displaced from the city. Survey respondents mentioned rising rents, absence or reduction of commercial space, costs of living, wages, parking issues, and taxation as reasons for potential displacement.

Survey respondents provided a range of space configurations that would be most suitable for their business depending on their type of business. These included large spaces, food trucks, modern office spaces, art galleries, loading docks, co-working spaces, and other flex spaces. In terms of the size of business space needed, 59% of respondents noted less than 3,000 square feet would be most suitable for their business.

## Small Business and Other City Services

**Small business services that were ranked as highest priority by respondents with less than 25 employees included space location/lease negotiation, networking opportunities, marketing support, and access to professional support services.**

When asked specific ways the city can support diversity among business owners, survey respondents recommended improving parking situations for smaller diverse businesses, fostering diversity among city leadership, and offering new collaboration and networking opportunities for business owners from diverse backgrounds.

Respondents were also asked what would be most helpful to improve economic development within the City of Redmond. Survey respondents suggested additional events promoting economic development such as the Satellite Innovation Summit. These events provide opportunities for networking, but also can foster new creative collaborations/exhibitions. The establishment of a business advisory board was also suggested. Respondents also called for increased investment in new technologies and innovation partnerships. Respondents also voiced concerns over adequate space and infrastructure in the downtown area, both for supporting businesses and for housing labor affordably.

## DETAILED ONLINE BUSINESS SURVEY RESULTS

The following provides the detailed results of the online business survey conducted for the Redmond Economic Development Strategic Plan. A total of 18 responses were received and the survey was open from October 30, 2023 to January 31, 2024.

### General Conditions

Question 1. Please select and rank the top three challenges that your business is facing in Redmond today.

**Exhibit 39. Redmond Business Challenges**

Challenges	Ranked 1	Ranked 2	Ranked 3	Frequency	Average Rank
Unaffordable rents	5	6	0	11	1.5
Parking	3	1	5	9	2.2
Finding qualified employees	2	2	2	6	2.0
Increased labor costs	1	0	4	5	2.6
Lack of suitable space	2	2	0	4	1.5
Crime	0	3	1	4	2.3
Lack of market demand	2	1	0	3	1.3
Maintaining market share	1	1	0	2	1.5
Employee retention	0	1	1	2	2.5
Transportation issues	0	0	1	1	3.0
Other	2	1	2	5	2.0

18 out of 18 respondents answered this prompt

Sources: City of Redmond Economic Development Strategic Plan Business Survey, 2024; Community Attributes, 2024.

Other responses:

- "International sales"
- "Receiving guidance on how to restart a business post COVID"

### Please describe in more detail these challenges that your business is facing:

Survey respondents highlighted rising rents, lack of viable commercial space, parking issues, and other operating costs as the most salient challenges facing local businesses. 16 out of 18 respondents answered this prompt.

- "As a mental health practice the cost of rent and employees increases but the reimbursement we receive from health insurance companies does not. So as the rent and cost to operate and grow my business increases my income does not increase at the same rate."
- "We spend—1/3 of all income on rent. We don't have a lot of buildings that qualify for children's activities—just new living spaces. And a lot of medical clinics."

- *"Rent and payroll are my highest expenses, and I'm still not happy with how much I pay my employees (i.e. I would pay them more if I could)."*
- *"I challenges we are phasing is the commercial property rent and funds to proceed on the business"*
- *"My business is at the incubation stage, so I don't have too much operational inputs at this point. But I do see that finding the right commercial space was a problem for me, rents were too high, so I ended up buying a property."*
- *"The City of Redmond has done a great job to build up to the city it has become. Although, its an expensive city that doesn't have an affordable housing/rent market for most who work in the area."*
- *"Our business faces three primary challenges: unaffordable commercial rents impacting financial viability, difficulty finding suitable physical space hindering operations, and the pressing need to retain valuable employees amidst competitive job markets."*
- *"Ideal if monthly paid parking permits were permissible in 2hr designated locations. Shrinking warehouse/light industrial portfolios, lease costs are ever increasing. Public pot smoking & littering are now the common, customers express concerns."*
- *"Parking. The new regulations are absolutely insane."*
- *"We have been searching for years to find a small suite for our business. We offer professional services, so we need 2 small offices and a shared conference room for occasional use. It is next to impossible to find such a place in Redmond."*
- *"Lack of venues for art sales: See next question. International sales: Lack of knowledge of rules, regulations, tax collecting and reporting."*
- *"Redmond is eliminating the spaces that are suitable for our production side of the business. Where suitable space is available, it is much too large or inconveniently located for the retail side of the business."*
- *"Redmond seems unfriendly location for small businesses. I get that city wants to support social issues like housing for low income folks. But you push out the small businesses who provide services and within-walking-distance jobs for residents."*
- *"Rising taxes on water and other fees make it difficult to make a profit. Business license are astronomical compared to other counties. Sno and Kitsap we pay 75 yearly. King we pay 3500 for the same size of business. With high rent comes lack of entry emp"*
- *"As an older entrepreneur of 25+ years within our Redmond community, I have faced great difficulty pivoting, going back to becoming an employee of corporations and state agencies. So, I need to pivot again to start a new business. I need guidance on this."*



- *"More shoplifting that king county prosecutors do not follow through. People throwing rocks d at people and yelling and cursing at people. They are back on the streets the next day. Must keep my store doors locked. Redmond has allowed this change"*

Question 2. Please describe any challenges, issues, or needs specific to the industry your business operates in in Redmond today.

Responses vary by industry, but recurrent issues included acquiring optimal space, hiring/retaining talent, and operating costs. 14 out of 18 respondents answered this prompt.

- *"Finding qualified Speech-Language Pathologists for my clinic's specialty areas is difficult. Insurance reimbursement -- our primary source of income -- is not keeping up with inflation or cost of living."*
- *"We will lose current office location due to site being redeveloped soon. (16310 NE 80th) Right now, within Redmond, less than half a dozen similar sized replacement sites are available. Some of those will be redeveloped. Where can I relocate our firm?"*
- *"We need affordable commercial space in an area close to residential or convenient for commuters. We have this now, but will lose it with Redmond's redevelopment plans. There is no suitable replacement or plans to create a replacement area."*
- *"Lack of venues for art sales: My business is primarily online (retail sale of air prints), but the majority of my sales occur at art shows, conventions, and other events. Such events happen once in a blue moon in the Redmond area. (need more characters .."*
- *"The cost to operate a business and pay a livable wage to employees increases but the income remains the same as it was in 2018."*
- *"A restaurant depends on power and internet and planned outages seem to happen on weekends, our highest volume days. Rising wages and higher rents means we are overpaying unskilled workers who need to work 2 jobs to live here leaving some shifts short help."*
- *"Parking. The new regulations are absolutely insane."*
- *"When the city talks about locally owned businesses, they always refer to restaurants and retail. Never have I heard the city mention small professional businesses such as accountants, bookkeepers, brokers, attorneys, doctors, physical therapists, etc."*
- *"No local legacy businesses. Eliminated in favor of developers using our tax dollars"*
- *"Unrelated to Redmond - simple supply chain strains: procurement of materials and hard goods in a timely manner; ever increasing shipping fees."*
- *"Any advice on creative business start-up/restart resources and networking opportunities in Redmond, its surrounding sister cities, and King County would be greatly appreciated."*

- *"Homeless people living on my porch on the back door. Sometime active very aggressive my client with kids. The same with drug people some time under influence and under control."*
- *"Operating a manufacturing firm amid tech hub challenges: integrating technology, competing for skilled talent, rapid innovation demands, supply chain disruptions, and stringent regulations."*
- *"I am phasing the challenge to put the commercial hood into business."*

Question 3. What are the most costly development or business regulations for your business?

Respondents highlighted regulatory costs/taxation, parking, and providing mental healthcare services to employees as the mostly costly regulations for their businesses. 11 out of 18 respondents answered this prompt.

- *"We don't have a parking space. If I have a class of 10 students, all parking lots get full, but my space limit is 20 students. That student doesn't need to walk far away from the door."*
- *"And I have other business they need parking too."*
- *"Tax and food delivery cost"*
- *"City isn't bad. State is. Look at the number of special forms and taxes a small business has to pay for employees, excise taxes, business licenses, etc."*
- *"Trying to make people (both employees and clients) feel safe in a COVID world, with air filtration systems, masks, extra cleaning supplies, and additional cost for virtual/electronic platforms to make mental health services available to everyone."*
- *"Quality control regulations necessitate rigorous testing, documentation, and adherence to standards, adding expenses to ensure product compliance."*
- *"Regulations are not the problem, at least nothing that Redmond controls. The cost of building out a new facility in Redmond is the issue."*
- *"Parking. The new regulations are absolutely insane my employees will literally have no place to park."*
- *"It is a bit too early to comment on this for a new business endeavor."*
- *"State Taxes, product R&D as most innovative materials are sourced outside of US."*
- *"City license. No regulation on dangerous EMF levels 5G and smart meters. No notification to businesses"*
- *"Ever changing health department rules and fees. Almost impossible to meet cooling and heating regulations on certain food items like eggs in the shell and lettuce. Employment taxes"*

Question 4. If your business has experienced challenges with the city's permit process, please describe them here. Please be as specific as possible and share what impact these challenges have had on your business.

Respondents raised concerns over the cost of obtaining a permit and the time it takes to secure a permit from the city. Concerns were also raised regarding materials that are not banned under current permit regulations. Nine out of 18 respondents answered this prompt.

- *"We wanted to build an interior wall in our leased office space in summer 2021, but the permitting process would have been prohibitively slow. I instead use a temporary divider, which is not ideal."*
- *"The permit fee is so high and time consuming process"*
- *"It's pretty slow."*
- *"Not a challenge yet, but will love to go through permitting for my business at super fast speed please ! I hear it takes 1 to two years, and I would want to have much faster."*
- *"We had an initial challenge on business use at our location, the City was very reasonable and thoughtful in working to understand the nature, scale and overall footprint of our business. "*
- *"No issues."*
- *"now we don't"*
- *"Will not ban glyphosate harming all businesses and customers. No concern for their health."*
- *"No problems with permitting but would like to add 275 characters are not enough to further explaining any challenges we face. If asking for further explanation at least allow the space. Min of 700"*

## **Economic Development Goals**

Question 5. What are the most important goals and / or strategic considerations from an economic development perspective for the City of

Redmond in the next five years? Please rate the following from 1=not important at all to 5=very important.

**Exhibit 40. Economic Development Goals**

<b>Development Priorities</b>	<b>Average Rank</b>	<b>Respondents</b>
<i>Retain (and expand) existing companies</i>	4.1	16
<i>Support entrepreneurship and innovation</i>	3.9	16
<i>Support small, multicultural and home-based businesses</i>	3.6	16
<i>Advance regional partnerships and collaborations</i>	3.5	16
<i>Create a diverse and inclusive economy</i>	3.5	16
<i>Advance clean energy and sustainable business</i>	3.3	16
<i>Expand workforce development resources</i>	3.1	17
<i>Attract new businesses in emergent industries</i>	2.9	17
<i>Focus on target industry growth</i>	2.3	16
<i>Other</i>	3.5	4

Sources: City of Redmond Economic Development Strategic Plan Business Survey, 2024; Community Attributes, 2024.

Other responses:

- *“Provide opportunities for artists to exhibit and sell their artwork, and to connect with peers and people interested in space exploration.”*
- *“Stop following ICLEI, smart streets and other agenda 2030 monetary incentives. Stop pretending to be locally governed when your following the exact same program that every city in the world is following. Use your common sense and stop being ignorant”*

## Focused Industry Cluster Growth

Question 6. Which industry clusters rank highest for growth opportunities in Redmond? Please select all that apply.

**Exhibit 41. Industry Cluster Growth Opportunities**

Industry Cluster	Frequency	Share
Software and cloud technology	8	16%
Aviation/Aerospace	5	10%
Sports and recreation	5	10%
Arts and culture	5	10%
Space	4	8%
Clean energy	4	8%
Life sciences	4	8%
Tourism and hospitality	4	8%
Interactive media and gaming	3	6%
Food and beverage manufacturing	3	6%
Retail	3	6%
Other	3	6%

14 out of 18 respondents answered this prompt

Sources: City of Redmond Economic Development Strategic Plan Business Survey, 2024; Community Attributes, 2024.

Other responses:

- *"professional services"*
- *"Professional services or else people will keep going to Bellevue and Seattle"*

Question 7. What types of targeted support can the City of Redmond provide to these sectors to capitalize on growth opportunities?

Respondents identified several support strategies for consideration, including additional funding for new business concepts, increased networking opportunities, improved infrastructure, specialized trainings, and providing additional space for businesses to locate and operate. Eight out of 18 respondents answered this prompt.

- *"\$500 grant to start the business WHAT A JOKE"*
- *"Don't think you can plan for growth. Rather provide or allow an environment that allows growth: places for businesses to operate, for example. Efficient local government. Safe and secure place for firms to operate and employees to work in and commute to."*
- *"Provide opportunities for artists to exhibit and sell their artwork, and to connect with peers and people interested in space exploration."*

- *"Redmond can aid growth in aviation/aerospace, clean energy, and sports sectors by upgrading infrastructure, providing specialized training, establishing innovation hubs, offering regulatory support, incentives, and fostering industry networking events."*
- *"Quarterly networking events targeted at each of the above sectors. Grants for small and small-medium sized businesses to develop and commercialize new businesses."*
- *"The City has done a phenomenal job at setting up a big residential infrastructure, and transportation with the upcoming light rail. Lots of residential buildings are coming up, and it is only sustainable if the commercial sector comes up at the same rate."*
- *"Increase Parks & Rec awareness and use of amenities available to the public. Increase public art walk events. Consider a grant for clean energy ideation other than solar."*
- *"If we don't have have space to operate, we can't operate. Rather than just building apartments, you should consider building affordable office space, retail space, and sports facilities. Look what happened to the climbing gym - now we are going to Bellevue"*

Question 8. What types of businesses would you like to see expand or locate to the City of Redmond? Please select all that apply.



#### Exhibit 42. Desired Businesses

Business Type	Frequency	Share
Arts, entertainment, and recreation	9	20%
Information technology	4	9%
Healthcare and social services	4	9%
Environmental/green industries	4	9%
Retail goods	4	9%
Food services	3	7%
Professional services	2	4%
Education services	2	4%
Agriculture	2	4%
Lodging	2	4%
Personal services	2	4%
Life sciences	2	4%
Research & development	2	4%
Wholesale, distribution	1	2%
Manufacturing	1	2%
Construction	0	0%
Finance, insurance, real estate	0	0%
Government	0	0%
Other	1	2%

13 out of 18 respondents answered this prompt

Sources: City of Redmond Economic Development Strategic Plan Business Survey, 2024; Community Attributes, 2024.

Other responses:

- *"With the explosion of new housing developments, Redmond is now seriously lacking healthy grocery stores, auto fueling/charging options, and general parking."*

Question 9. What do you see are the roadblocks or obstacles that stop the types of businesses that you want from coming to Redmond?

Survey respondents called out a lack of space for businesses, with current development favoring residential units over commercial property. Rising wages, taxes, and rents were also concerns. 12 out of 18 respondents answered this prompt.

- *"Development has eaten up the office space that small businesses have traditionally occupied. E.g., development that destroys our current location takes away a maybe 10,000 SF office building & replaces it per your planning permits with less than 1000 SF."*
- *"(See above) With the explosion of new housing developments, Redmond is now seriously lacking healthy grocery stores, auto fueling/charging options, and general parking."*
- *"Cost to operate"*

- *"Hurdles; strict regulations, high real estate costs, zoning limitations, and gauging local demand. Simplifying rules, aiding in affordable spaces, and assessing market interest could reduce those challenges."*
- *"For small businesses, the biggest problems are rising wages, taxes, rents. Businesses open and close way to frequently. Having to move the business is as expensive as opening in the first place."*
- *"Having a quaint downtown with historic buildings is diametrically opposed to the downtown development strategy. Millions of dollars were spent on a park with no increase in parking."*
- *"Limited resources and business growth plans."*
- *"City support"*
- *"Real Estate availability & costs."*
- *Affordable space and parking.*
- *"Agenda 21. That's what you are following not the people here in Redmond"*
- *"High cost"*

## **Workforce Development**

Question 10. What specific workforce issues have challenged your business recently? Please select all that apply.

### Exhibit 43. Workforce Development Challenges

Challenges	Frequency	Share
Lack of suitable workforce housing	9	20%
Shortage of workers	6	13%
Workers lack "soft" skills or work ethic	6	13%
Unable to meet wage expectations	5	11%
Aging workforce	3	7%
Accessibility/transportation difficulties for workers	3	7%
Workers lack technical skills	3	7%
Insufficient dependent care options	2	4%
Lack of lifestyle amenities for workers	2	4%
Competition for in-demand workers	2	4%
High rates of turnover	1	2%
Hybrid/remote work changes	1	2%
Other	2	4%

14 out of 18 respondents answered this prompt

Sources: City of Redmond Economic Development Strategic Plan Business Survey, 2024; Community Attributes, 2024.

Other responses:

- "Single entity business, not applicable."
- "RENT - we need to get more office space to employ more people"

Question 11. Which specific skill sets have been difficult to find, hire, and/or retain? Please select all that apply.

### Exhibit 44. Skill Sets Difficult to Hire

Skill Set	Frequency	Share
Sales	4	24%
Physical labor	3	18%
Professional services	2	12%
Creative	1	6%
Hospitality	1	6%
Medical/life science	1	6%
Specialized manufacturing	1	6%
Computer and mathematical	1	6%
Business and financial	1	6%
Engineering	0	0%
Other	2	12%

12 out of 18 respondents answered this prompt

Sources: City of Redmond Economic Development Strategic Plan Business Survey, 2024; Community Attributes, 2024.

Other responses:

- *"teaching"*
- *"Single entity business, not applicable."*

Question 12. What specific programs or resources would be most impactful for workforce development and training in Redmond?

Survey respondents identified apprenticeship programs and partnerships with local schools as a means of developing city's workforce. Other suggestions included state and federal grants, trades workshops, and affordable housing. Seven out of 18 respondents answered this prompt.

- *"We really don't need city or county to provide workforce development. They'd never be able to provide it."*
- *"industry-focused training, apprenticeships, continuing education in tech, partnerships with schools, and job placement services to align skills with local demand and foster career growth"*
- *"Affordable housing. None of my employees can afford to live within a 30 minute drive of work. Many are much further away, even though their working hours are outside of typical commute times."*
- *"Soliciting grants from the state and federal levels to support Redmond as a lifesciences, medical, clean tech business center."*
- *"Trades workshops - increased awareness and exposure to opportunities outside of simply tech."*
- *"Affordable housing, parking and easy access to services (daycare, retail, healthcare, transport to schools, afterschool care)"*
- *"Not sure, the people who need it most probably wouldn't utilize it. Seems like workforce does a pretty good job now"*

Question 13. Does your business have 25 total employees or less (across all business locations)?

Of the 18 respondents, 13 (72%) have less than 25 total employees across all locations.

Question 14. [If they answered Yes in Q13] Which of the following small business services would be a priority for your business? Please rate the following from 1=not important at all to 5=very important.

#### Exhibit 45. Priority Small Business Services

Small Business Services	Average Rank	Respondents
Space location/lease negotiation	3.9	11
Networking opportunities	3.6	10
Marketing support	3.3	10
Access to professional support services	3.2	10
Access to capital	3.0	10
Business advising services	3.0	11
Assistance with opening or expanding	2.9	11
Technology access/digital literacy	2.9	10
Access to childcare	2.8	10
Options for shared space for small/micro- businesses	2.4	11
Diversity, equity, and inclusion training or assistance	2.0	9
Non-profit organization capacity building	1.8	10
Multicultural small business liason/language support	1.6	10
Other	4.2	5

Sources: City of Redmond Economic Development Strategic Plan Business Survey, 2024; Community Attributes, 2024.

Other responses:

- "Office space"
- "access to affordable health care insurance for employees"
- "PARKING!!!!!"
- "office space is the most pressing issue for us. We are looking into moving to Kirkland or Bellevue due to office space issues."

## Displacement Risk

Question 15. Do you feel your business may be at risk of being forced to relocate from Redmond?

#### Exhibit 46. Displacement Risk

Risk Time Horizon	Frequency	Share
In the next five years	7	41%
In a year	4	24%
In 6-12 months	3	18%
In less than 6 months	0	0%
No risk	3	18%

17 out of 18 respondents answered this prompt

Sources: City of Redmond Economic Development Strategic Plan Business Survey, 2024; Community Attributes, 2024.

Question 16. [If risk identified in Q14] What is the reason your business may be forced to relocate from Redmond? (For example, rising rents; redevelopment pressure; lack of affordable housing; workforce; access to capital, etc.)

Risks faced by survey respondents included rising rents, absence or reduction of commercial space, costs of living, wages, parking issues, and taxation. 13 out of 18 respondents answered this prompt.

- *"rent"*
- *"Rising rents and lack of suitable space"*
- *"BECAUSE THE SPACE IS DEMOLASHING FOR REDMOND APARTMENTS"*
- *"Office building at 16310 NE 80th ST will be torn down for housing."*
- *"increasing rent; cost of living, thus employees can't live locally and in person rental space will not be affordable with less employees in the office space."*
- *"Rising rents, affordable housing, workforce."*
- *"Our building was sold to a developer for housing, our new landlord raised the rent 67% and will not write a lease beyond Q1-26. Without a good lease, we can't grow, expand, or improve here. We will not be able to get the ROI for anything we do."*
- *"Parking"*
- *"Rising property taxes on my home forcing my home-based business to move to other counties from King County. Competition for tech, business and information sciences talent from large corporations and businesses."*
- *"Redevelopment pressure - condos and apartment race."*
- *"Rising rents and inability to secure appropriate office space."*
- *"Increasing rents with NO help from city"*
- *"Lack of affordable housing for workers and costs being more than income. Health department fees, business license fees, paying for medical and paid time off for employees employment taxes, rising costs of goods mean not enough profit to stay"*

Question 17. Which space configurations / models would be most suitable for your business? (For example, ceiling height, cooperative, flex space, bazaar model, food truck / pop-up space.)

Survey respondents provided a range of configurations depending on their type of business. These included large spaces, food trucks, modern office spaces, art galleries, loading docks, co-working spaces, and other flex spaces. 11 out of 18 respondents answered this prompt.



- *"I need a lobby area, large employee workspace, and individual therapy rooms (ranging from small to large), and I need to be able to make noise without disturbing neighbors. On-site (not street) parking is also essential. All must be ADA-accessible."*
- *"FOOD TRUCK"*
- *"Office space that reflects modern office technology so fast internet, no need for paper storage, etc. West Park is NOT very set up for modern office technology. It's from the 70s?"*
- *"Art gallery, convention booth/showroom, museum"*
- *"Ceiling height, available power (220/3ph-1,000 amps), loading dock, 53' truck access. Access to 520/405."*
- *"We have 16'+ clear ceilings, heavy power, space for food trucks, and ample parking, located near commuter traffic and recreation areas. Part of the space is used for production, part for our retail business, and we need both parts of the business."*
- *"Home-based, shared-workspace, or incubator to start."*
- *"A multi-purpose commercial building"*
- *"Flex space - light industrial."*
- *"Small office suite (2-3 private offices with access to shared conference room) in a multi business building with shared receptionist. We would need parking, access for disabled and proximity to public transportation for clients/employees."*
- *"Any"*

Question 18. What size of business space would be most suitable for your business?

### Exhibit 47. Business Space Requirements

Required Space	Frequency	Share
More than 10,000 sf	1	6%
5,000 - 10,000 sf	3	18%
3,000 - 5,000 sf	3	18%
1,000 - 3,000 sf	6	35%
Under 1,000 sf	4	24%

17 out of 18 respondents answered this prompt

Sources: City of Redmond Economic Development Strategic Plan Business Survey, 2024; Community Attributes, 2024.

## Equitable Economic Development

Question 19. What are some specific ways in which the city can support diversity among business owners in Redmond?

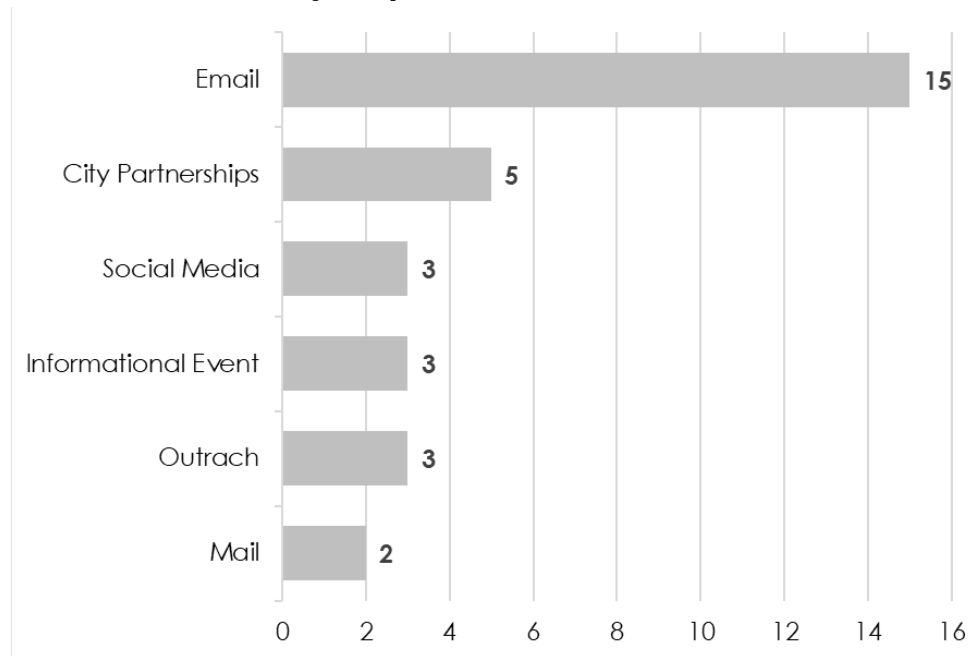
Survey respondents recommended improving parking situations for smaller diverse businesses, fostering diversity among city leadership, and offering new collaboration and networking opportunities for business owners from diverse backgrounds. Nine out of 18 respondents answered this prompt.

- *"Do everything based on merit, regardless of diversity."*
- *"Discrugging the new commercial constructions"*
- *"I think this is a terrible idea. Support businesses that can provide jobs and services and products. It's hard enough to get that to work."*
- *"?"*
- *"Offering free drop in/networking opportunities for current business and those potentially starting business to meet up to explore business opportunities in the community. Advertising could be done on social media, such as Redmond Chat Café"*
- *"Collaboration/Networking Opportunities: Hosting networking events or forums that facilitate connections among diverse business owners, fostering collaboration and support."*
- *"The smallest must diverse businesses are often operating out of the oldest buildings often with little to no parking. How can those businesses retain employees if those employees have nowhere to park."*
- *"Diversity amongst City Leadership might encourage or attract different business owners."*
- *"Zero discrimination means diversity. Not sure how to go about that but not labeling people is a start. Labeling and giving incentives to any one group create division. It should be an equal playing field for all"*

## Other Considerations

Question 20. What is your preferred way for the city to connect with your business and provide information about the services relevant to your business?

**Exhibit 48. Survey Respondents - Preferred Contact Method**



Sources: City of Redmond Economic Development Strategic Plan Business Survey, 2024; Community Attributes, 2024.

Question 21. Please provide any comments or ideas that you believe would be helpful to improve economic development within the City of Redmond.

Survey respondents suggested additional events promoting economic development such as the Satellite Innovation Summit. These events provide opportunities for networking, but also can foster new creative collaborations/exhibitions. The establishment of a business advisory board was also suggested. Respondents also called for increased investment in new technologies and innovation partnerships. Respondents also voiced concerns over adequate space and infrastructure in the downtown area, both for supporting businesses and for housing labor affordably. Eight out of 18 respondents answered this prompt.

- *"Its depend upon city of Redmond if they are supporting to the new development so discouraging the small business very simple which you are doing"*
- *"More events such as the Satellite Innovation Summit, where people interested in space exploration come together, when combined with an art show. For my space-*

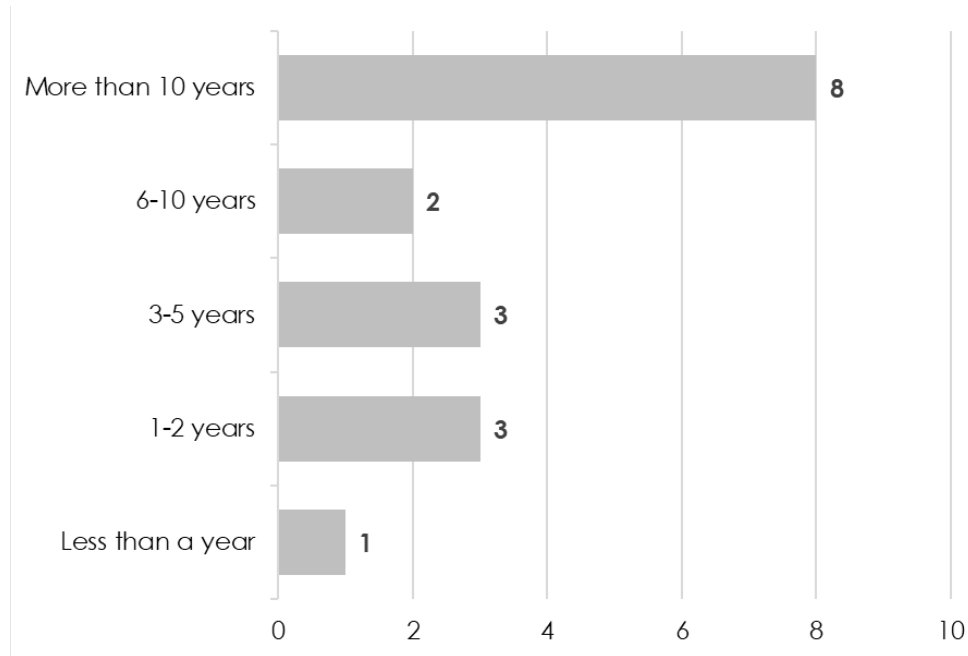
*themed art sales, I have found such events can produce a good number of sales and connections."*

- *"Technology Integration: Invest in tech advancements to streamline manufacturing processes, enhancing efficiency and competitiveness."*
- *"Partnerships for Innovation: Partnerships with tech firms for R&D, innovation in manufacturing processes or products."*
- *"Several smaller areas of commercial space are better than one large "industrial park". A single car repair shop can't service all of the vehicles in Redmond, but you don't want 10 similar shops next to each other."*
- *"You are facing the "ski resort" problem. As the downtown becomes even less affordable, there won't be any staff since all these employees already live outside of Redmond and new parking restrictions will prevent businesses from attracting employees."*
- *"I think the city should create an advisory board of businesses. This focus group is amazing step in right direction."*
- *"If we don't have affordable space to operate we can't operate within the city. You have to invest into infrastructure first."*
- *"Stop grifting through redevelopment transfers of money to developers. Leave the legacy business. Where can you walk when no business to walk. We don't want a tracked and traced smart city. Keep Redmond walkable and stop track and packing apartments"*

## **About Your Business**

A. How long has your business been in operation in Redmond?

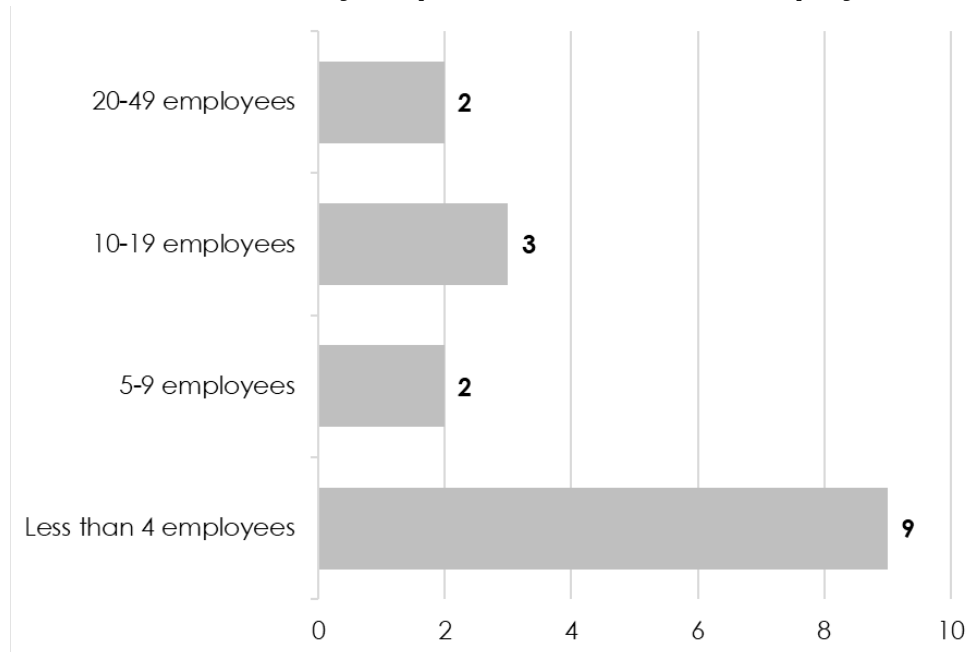
**Exhibit 49. Survey Respondents - Years in Operation**



Sources: City of Redmond Economic Development Strategic Plan Business Survey, 2024; Community Attributes, 2024.

B. How many employees does your business have in Redmond today?

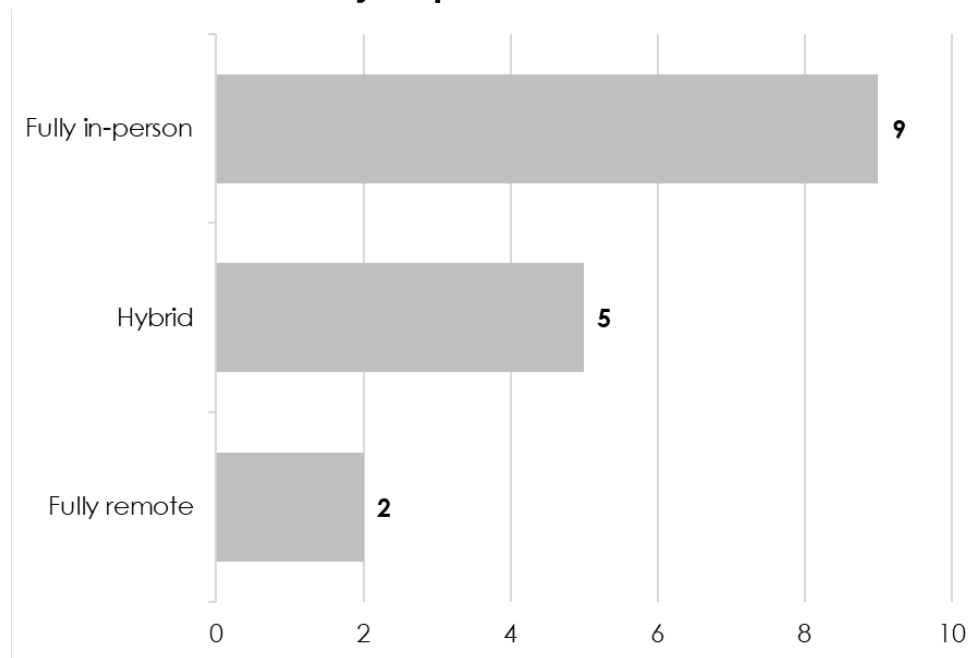
**Exhibit 50. Survey Respondents - Number of Employees**



Sources: City of Redmond Economic Development Strategic Plan Business Survey, 2024; Community Attributes, 2024.

C. What percentage of your employees in Redmond are working a hybrid schedule or remotely?

**Exhibit 51. Survey Respondents - Workforce Location**

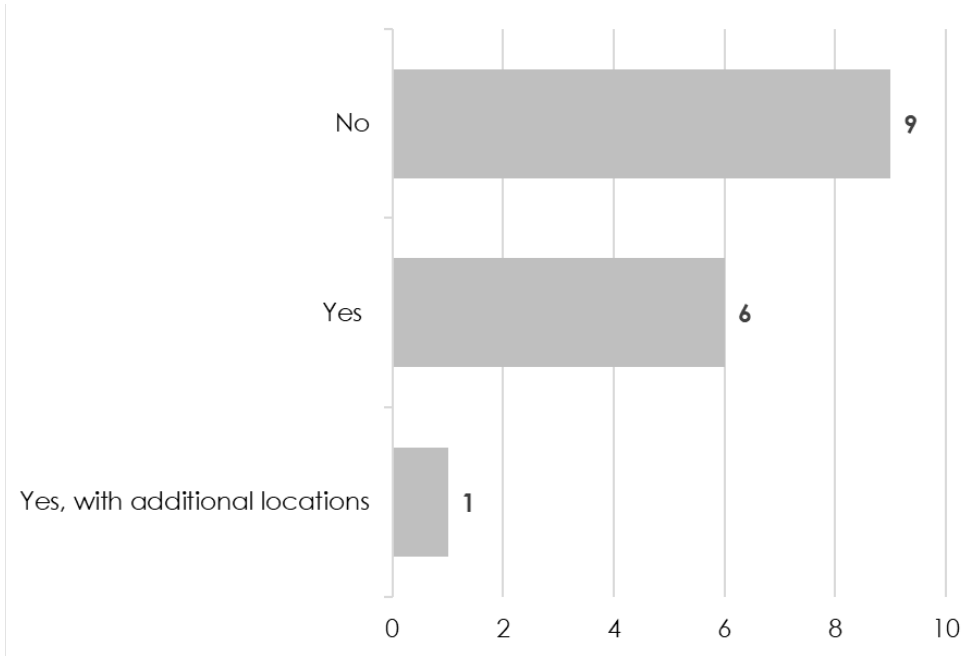


Sources: City of Redmond Economic Development Strategic Plan Business Survey, 2024; Community Attributes, 2024.

D. Does your business have plans to expand and grow in Redmond in the next five years?



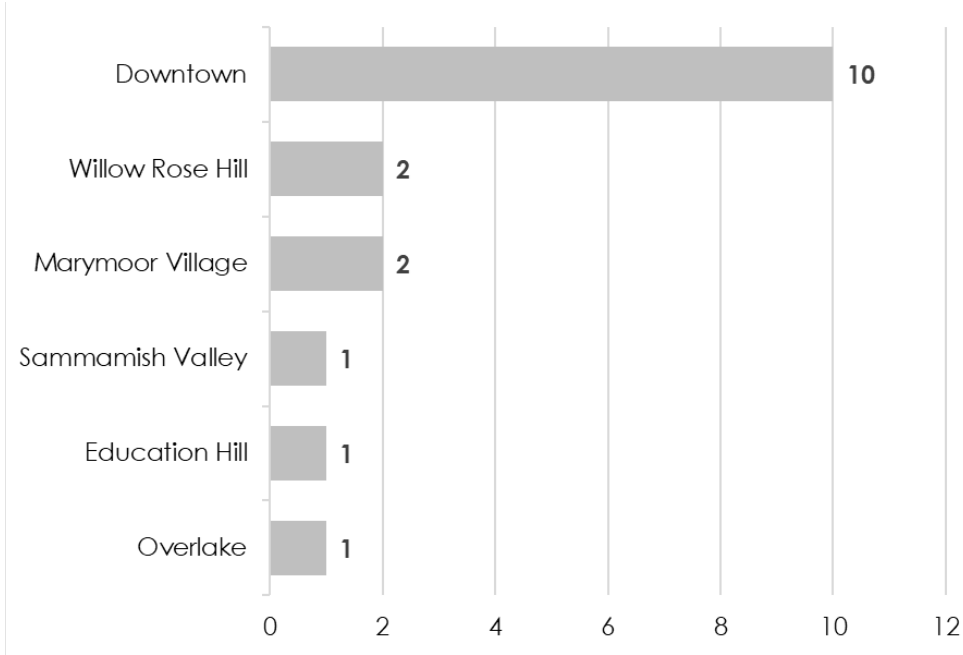
**Exhibit 52. Survey Respondents - Expansion Plans**



Sources: City of Redmond Economic Development Strategic Plan Business Survey, 2024; Community Attributes, 2024.

E. Where is your business located?

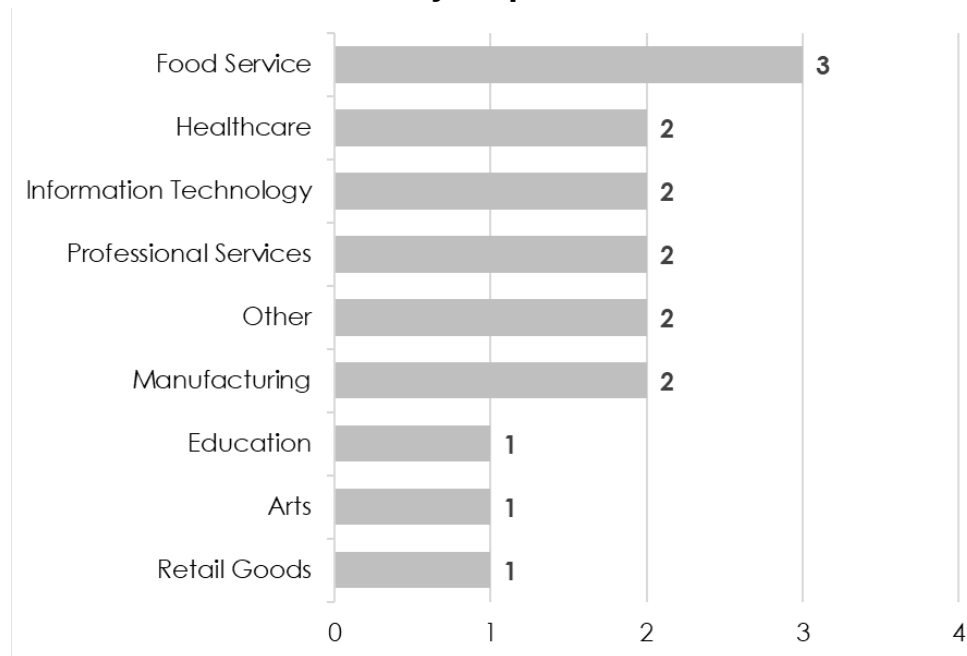
**Exhibit 53. Survey Respondents - Locations**



Sources: City of Redmond Economic Development Strategic Plan Business Survey, 2024; Community Attributes, 2024.

F. What is your primary industry?

**Exhibit 54. Survey Respondents - Industries**



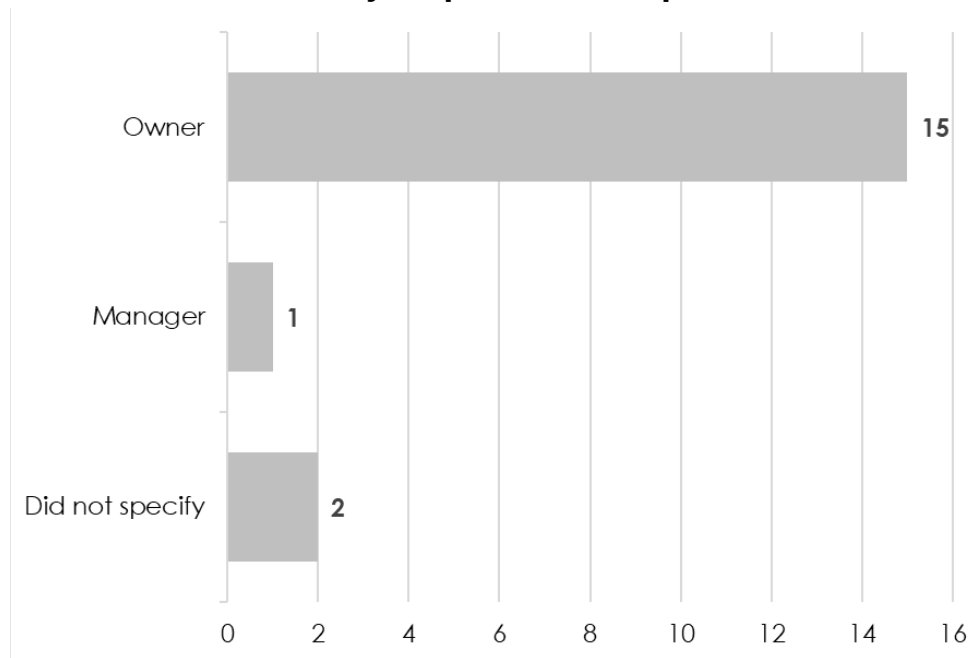
Sources: City of Redmond Economic Development Strategic Plan Business Survey, 2024; Community Attributes, 2024.

Other responses:

- "Cold Storage/Seafood Processing"
- "Wellness"

G. Are you:

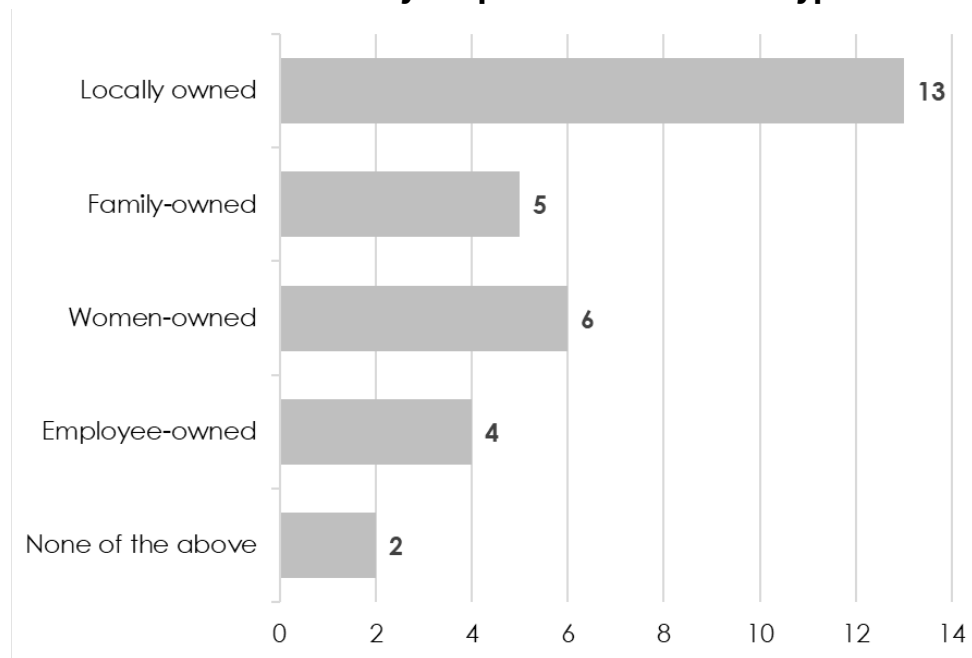
**Exhibit 55. Survey Respondents - Respondent's Role**



Sources: City of Redmond Economic Development Strategic Plan Business Survey, 2024; Community Attributes, 2024.

H. Select all that apply to your business:

**Exhibit 56. Survey Respondents - Business Type**



Sources: City of Redmond Economic Development Strategic Plan Business Survey, 2024; Community Attributes, 2024.

