

Economic Development Plan

Data Findings
Q1 2024



Population



Population Growth

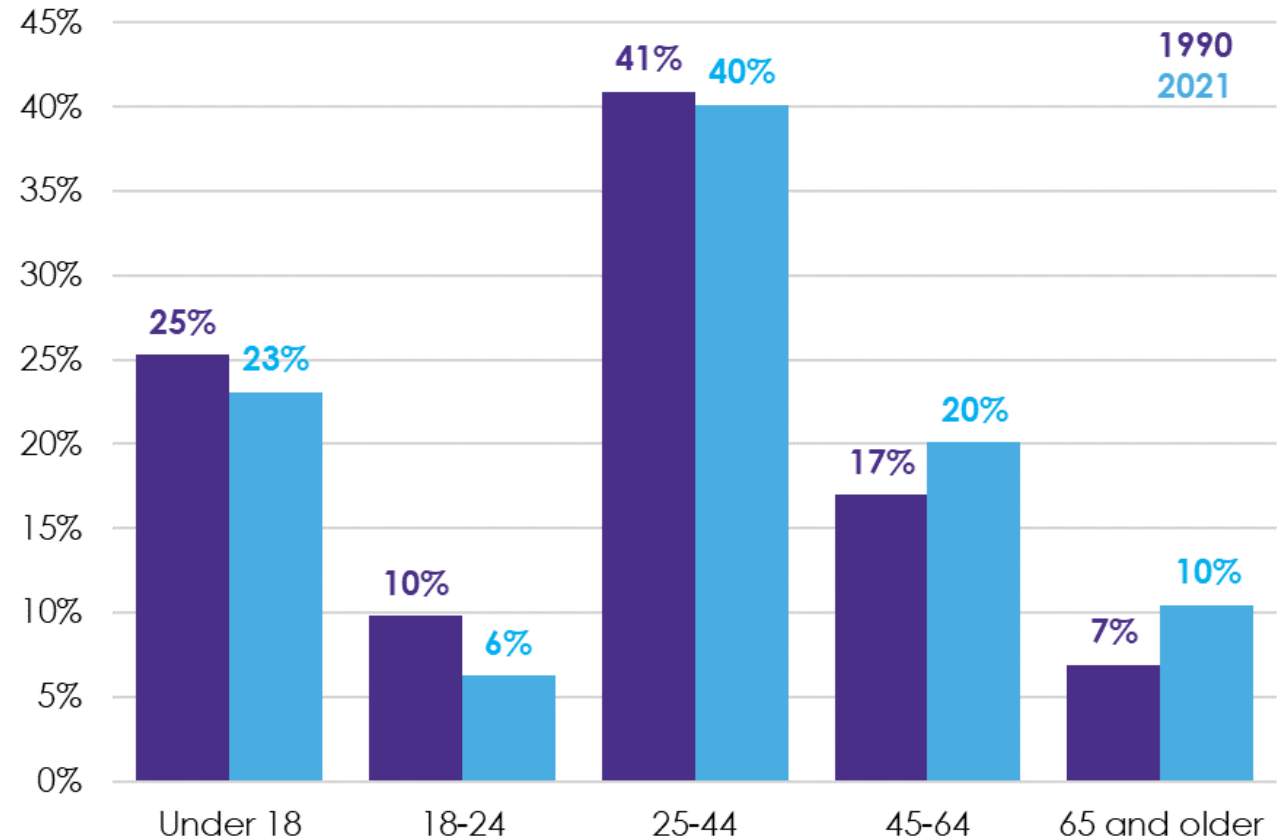
- Redmond's population has doubled since 1990
- Population is expected to grow at a faster pace than the Puget Sound region through 2050.

	% Growth (1990-2022)	CAGR (1990-2022)
Redmond	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.

Population by Age

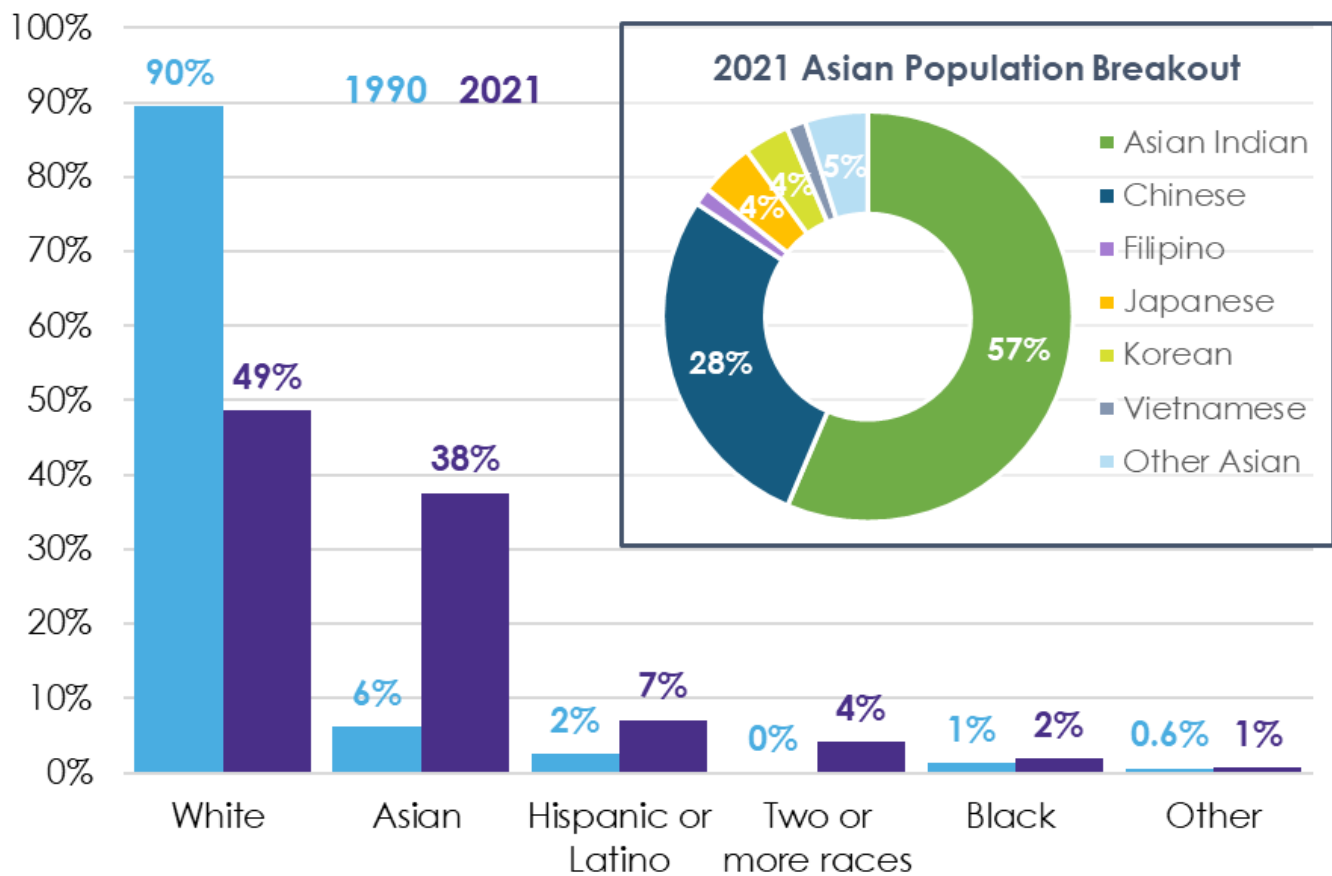
- Redmond residents' median age has increased from 32.1 in 1990 to 34.6 in 2021.
- Those between the ages of 25 and 44 continue to be the most prevalent age group in Redmond and have seen the most growth in absolute terms since 1990. More than 14,000 residents were added in this age category.
- Residents aged 65 and older tripled and their proportion of the total population increased to 10% in 2022



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

Population Distribution by Race and Ethnicity

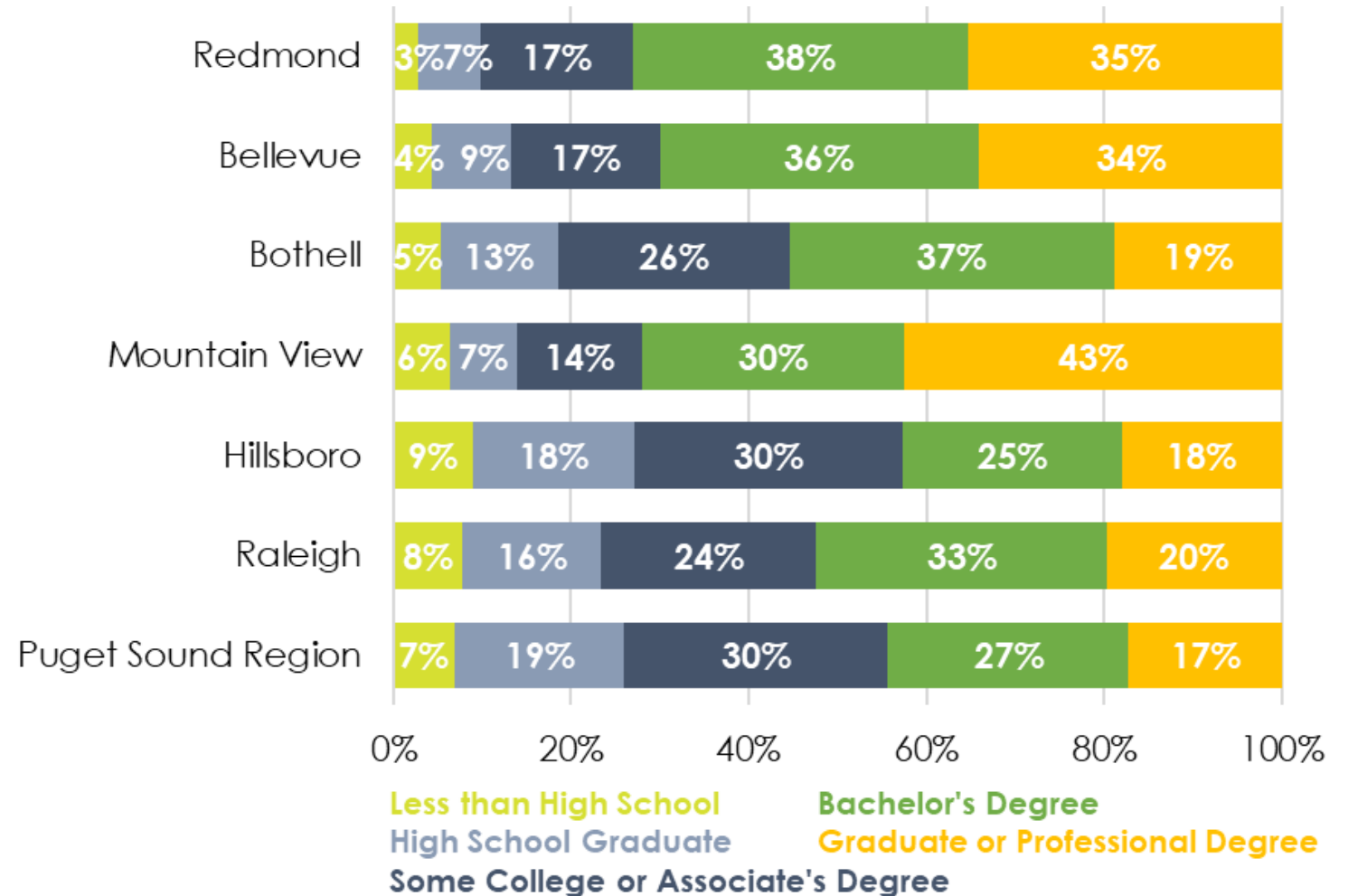
Redmond's share of non-white population has grown from 10% of the population in 1990 to 51% of the population in 2021, much higher than the 39% for the Puget Sound Region.



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

Redmond's Education Attainment

- **Redmond is the most educated community amongst all benchmark cities**
- **Redmond** has the lowest share of residents with less than a high school diploma – only 3% of all residents 25 and older.

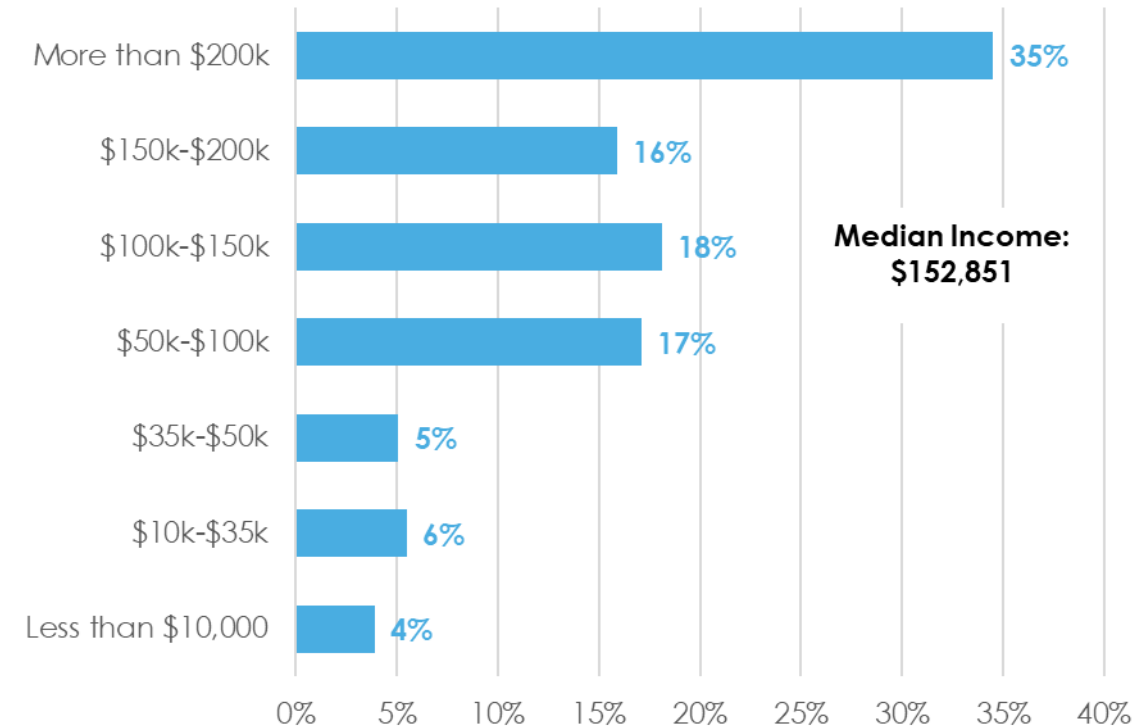


Redmond Resident Income

Redmond's median household income has increased from approximately \$93,000 in 2011 to over \$147,000 in 2021

	Median Household Income		% Change (2011-2021)	CAGR (2011-2021)
	2011	2021		
Redmond	\$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%

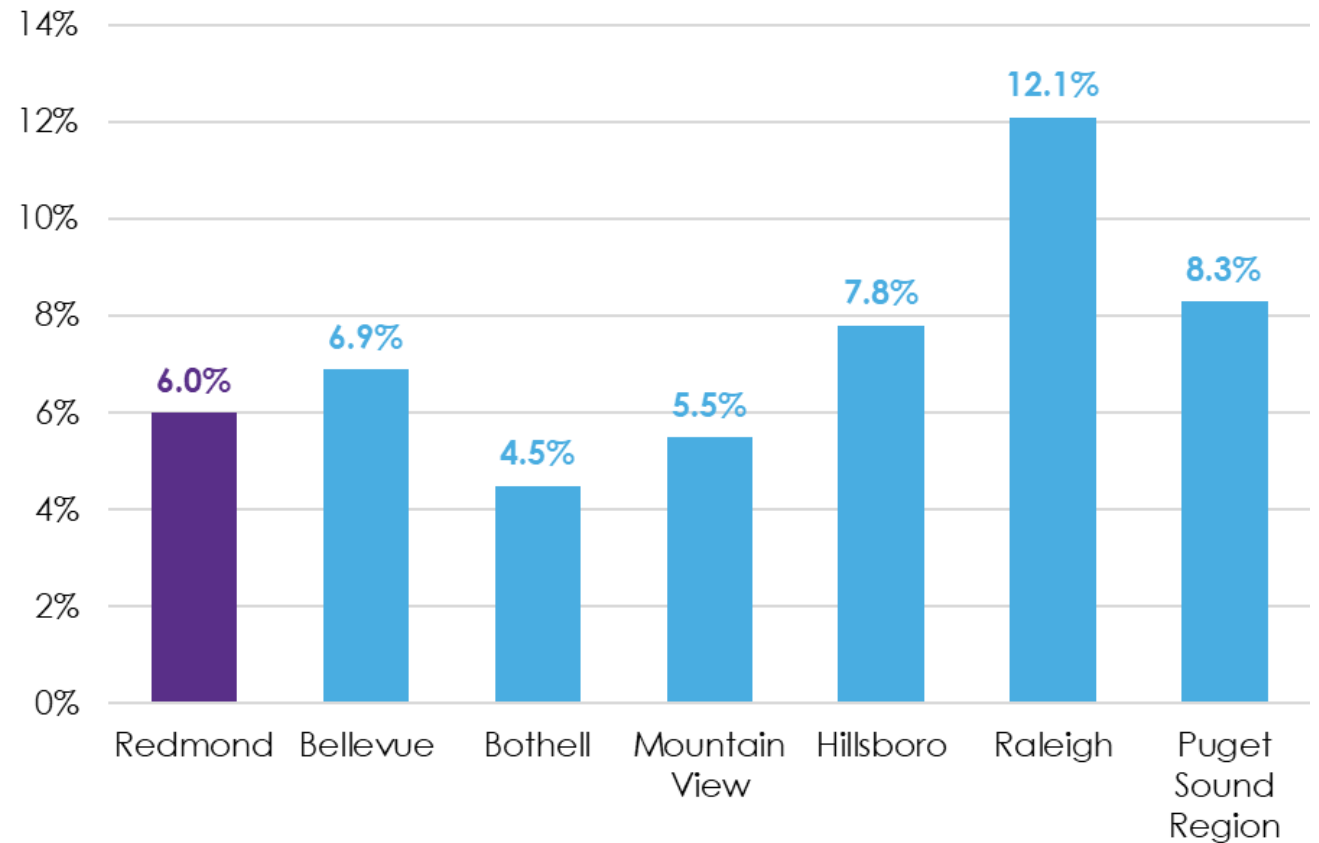
Source(s): U.S. Census Bureau ACS 5-Year Estimates, 2011-2021; CAI, 2023.



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

Poverty in Redmond

- The share of Redmond residents living below the federal poverty line declined from 6.6% in 2012 to 6% in 2021.
- 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%).



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

Housing

Housing

Median Sale Price and Median Monthly Rent, City of Redmond, 2012-2023

	Median Sale Price, Oct 2023	% Change (Jan 2012 - Oct 2023)
Redmond	\$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%

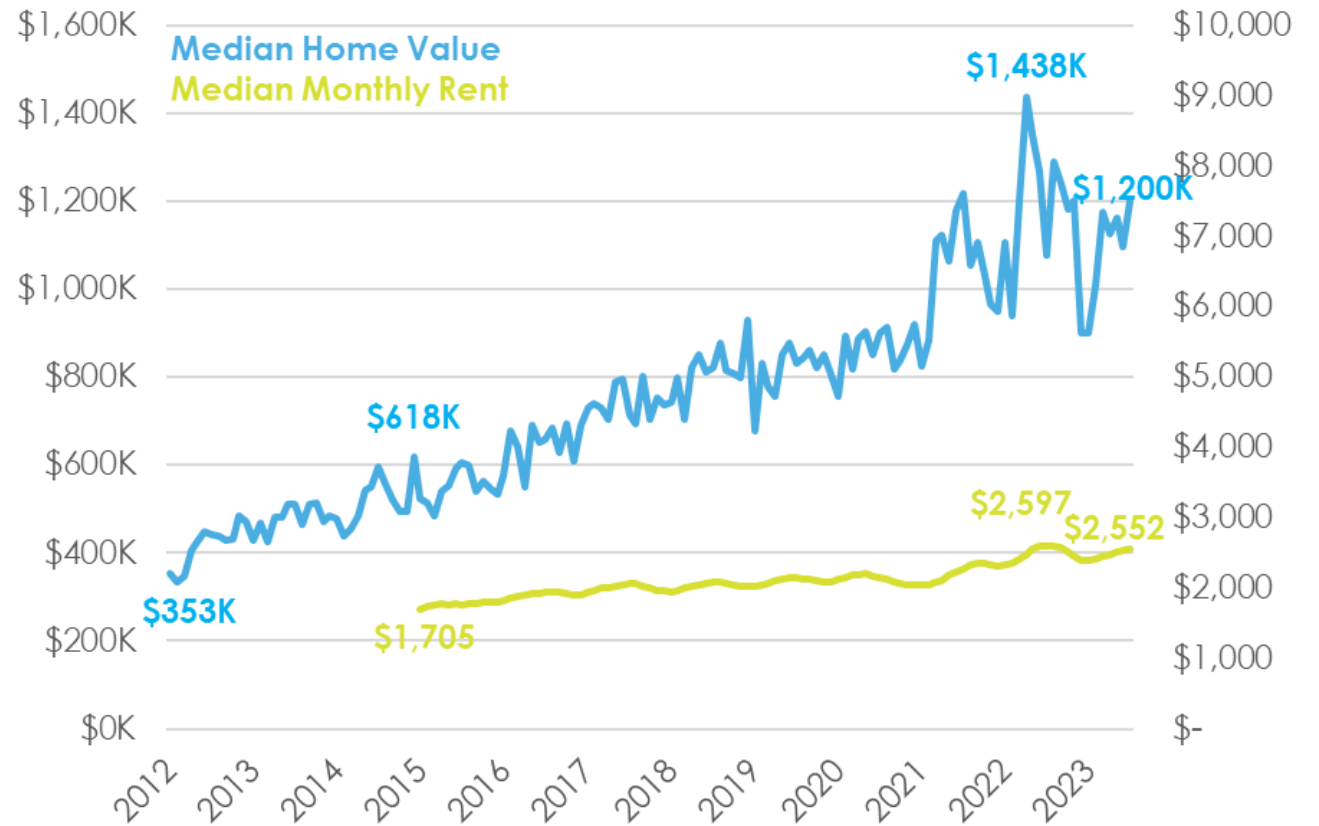
Source(s): Redfin, 2012 to 2023; CAI 2023.

Home Purchase income requirements

A household in Redmond would need to earn about \$262,200 annually to purchase a home with that price. 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

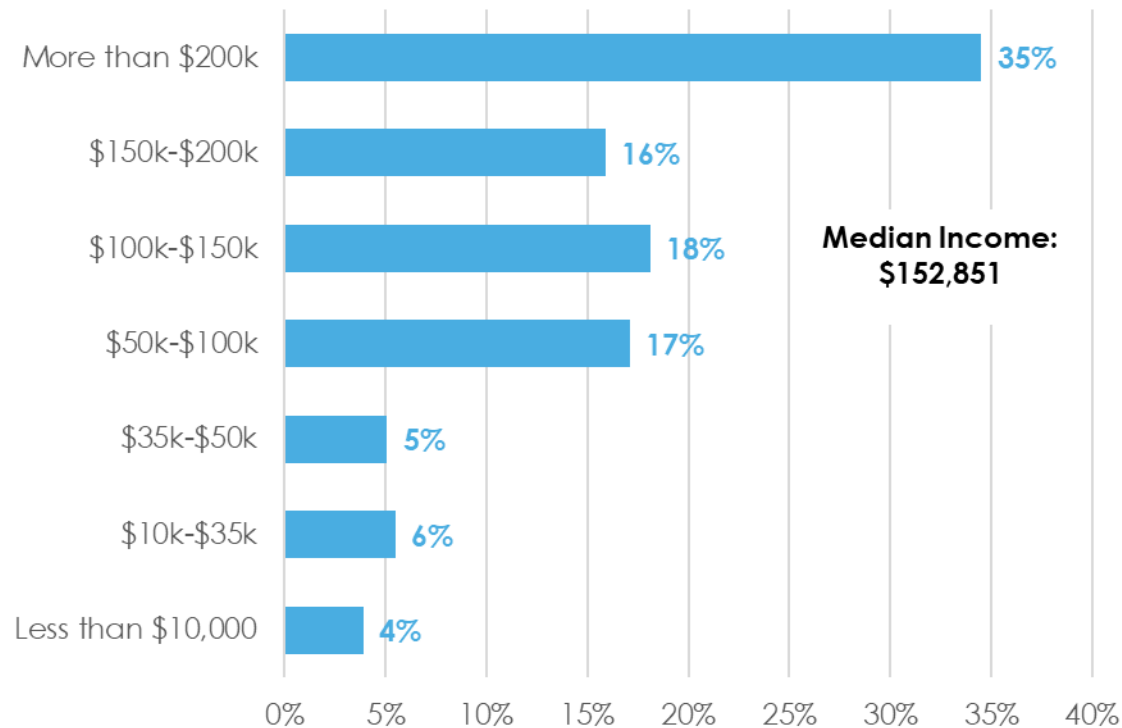
Rental income requirements

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



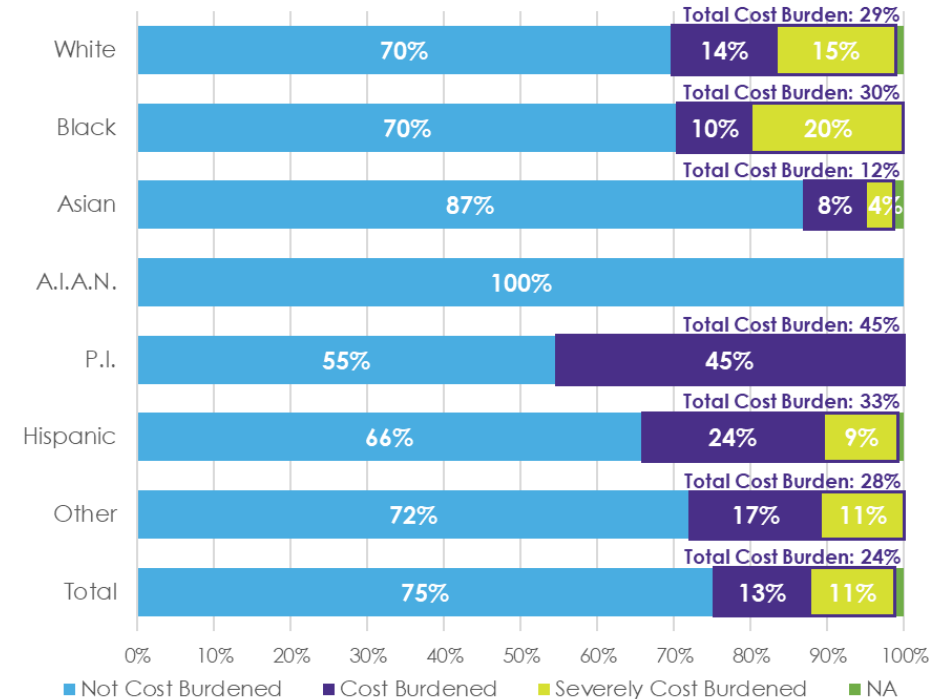
Source(s): Redfin, 2012 to 2023; CAI 2023.

Total Households by Income



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

Housing Cost Burden by Race and Ethnicity, City of Redmond, 2020



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

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

Cost burden is defined 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.

Employment

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 Redmond businesses in 2020:

- 1. Two thirds had 4 or less employees. Those businesses employed 2.5% of workers in the city.
- 2. Businesses with 100 employees or more represented 4% of all businesses in the city and employed 73% of the workers

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%

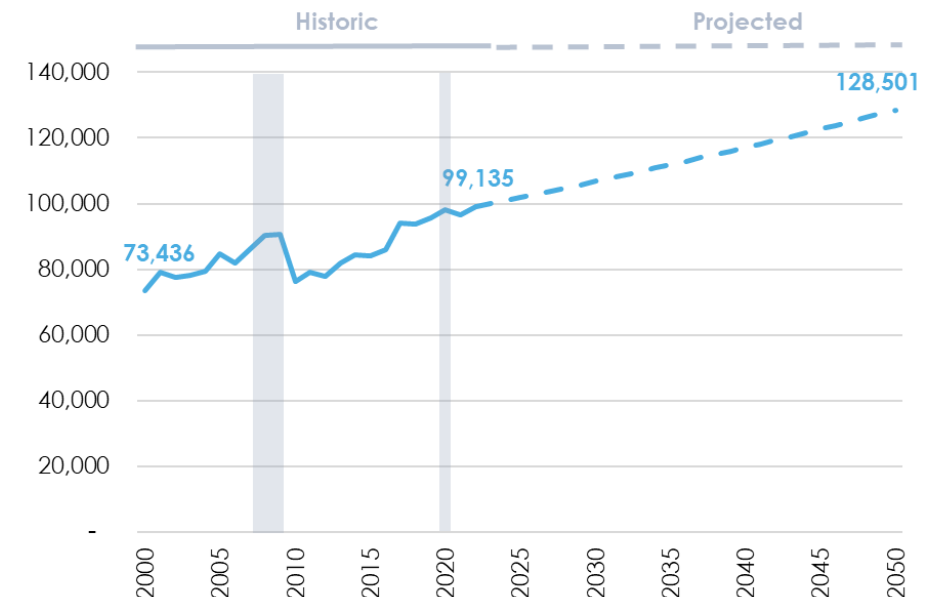
Source(s): Puget Sound Regional Council, 2020; Community Attributes, 2023.

Total Business Licenses including Redmond endorsements of non-resident businesses are sometimes included in reporting and increase the business license number to around 6,000. Business license endorsements necessary to conduct business in Redmond are more volatile from year to year.

Employment Growth

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

	2011-2021	
	% Change	CAGR
Redmond	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%

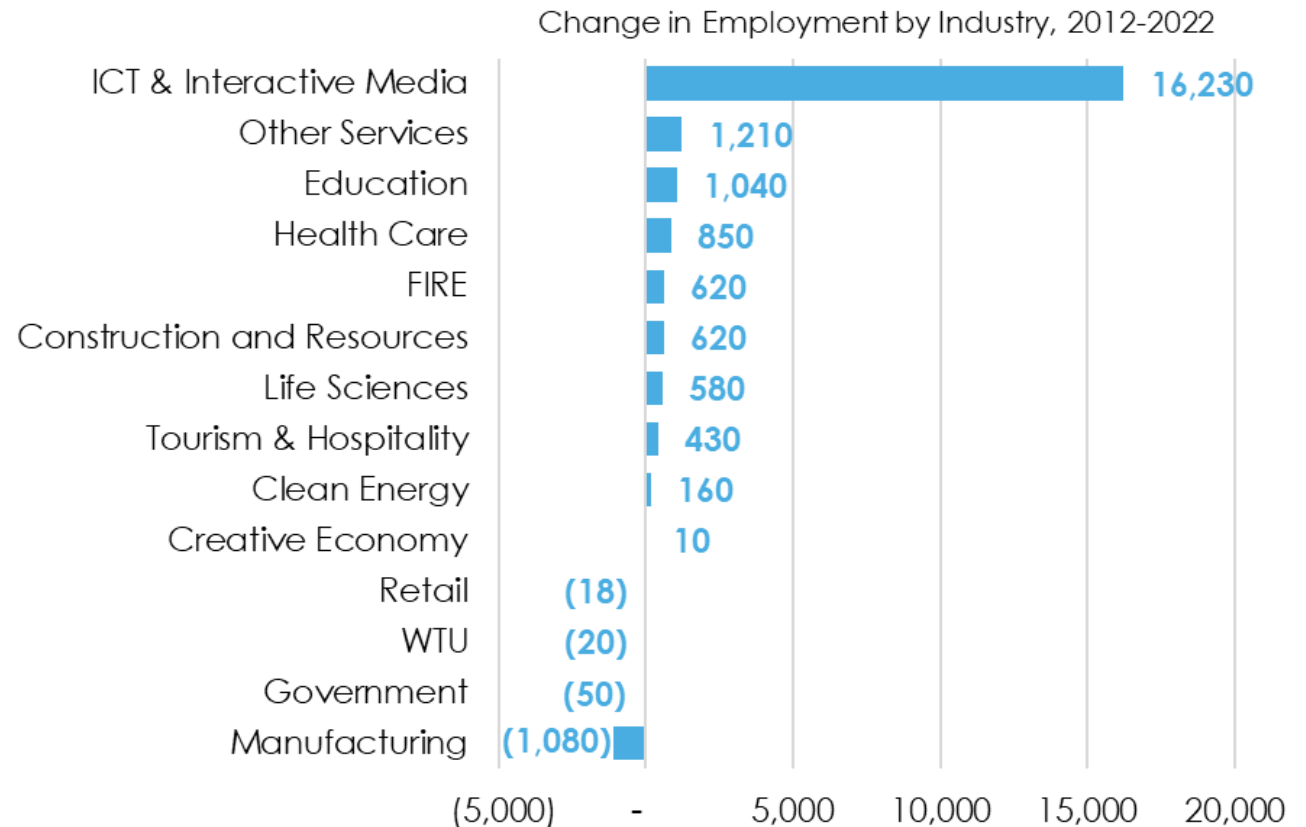


Source(s): Puget Sound Regional Council, 2023; City of Mountain View Economic Vitality Element, 2023; US Census Bureau OnTheMap, 2023; Community Attributes, 2023.

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

Employment Growth by Industry

- In 2022, the ICT and Interactive Media cluster employed over 62,000 workers in Redmond and made up 63% of the covered employment,
- Microsoft alone accounting for over 47,000 jobs.
- Employment multiplier of Microsoft 5.9.

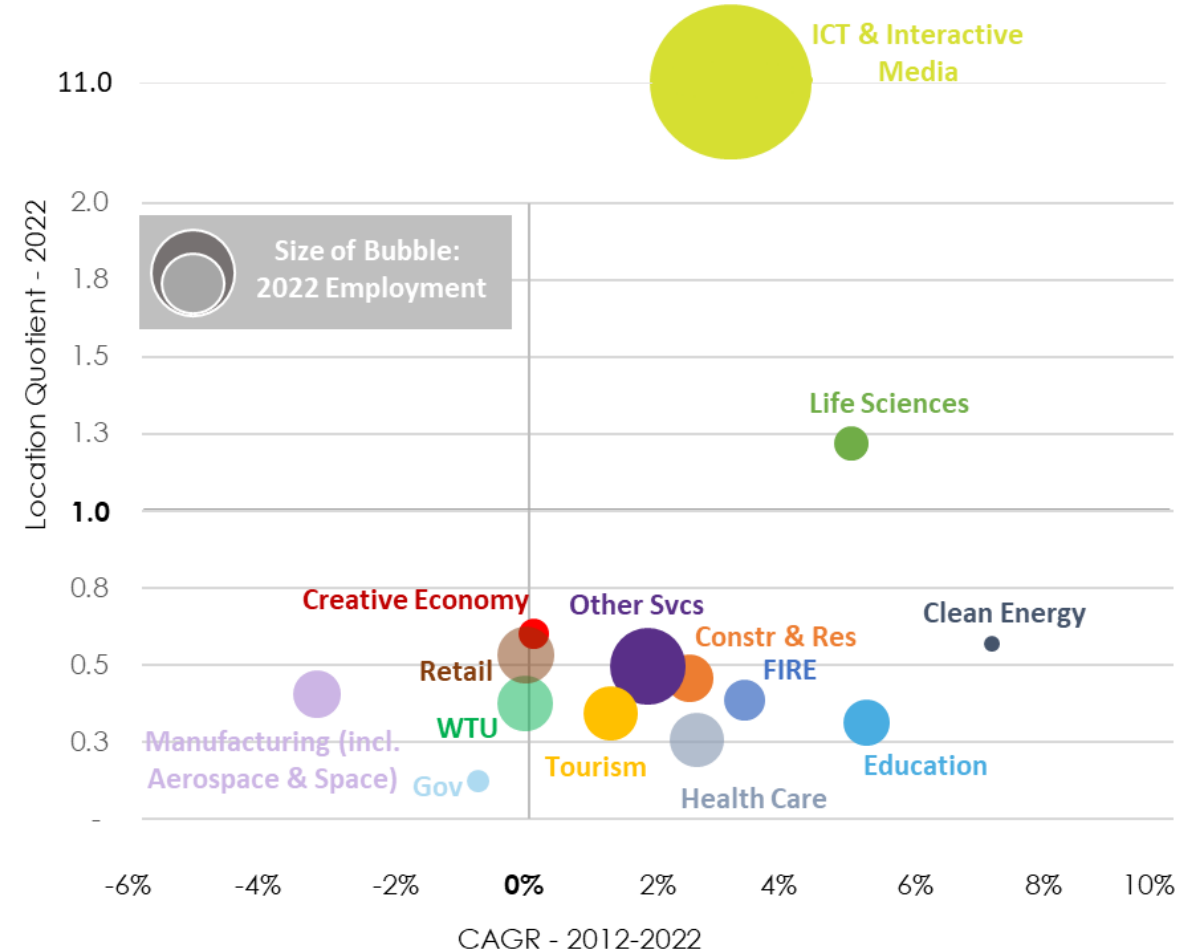


Source(s): Puget Sound Regional Council, Preliminary Estimates, 2023; Community Attributes, 2023.

Note: ICT stands for Information and Communication Technology; WTU stands for Wholesale, Transportation, and Utilities; FIRE stands for Finance, Insurance and Real Estate. 15

Industry Segment Growth

- 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
- 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%).
- **Retail, tourism creative economy and manufacturing all have growth opportunity in comparison with national averages**



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.

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.

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).

	Self employment rate	Average income for self employed
Redmond	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.

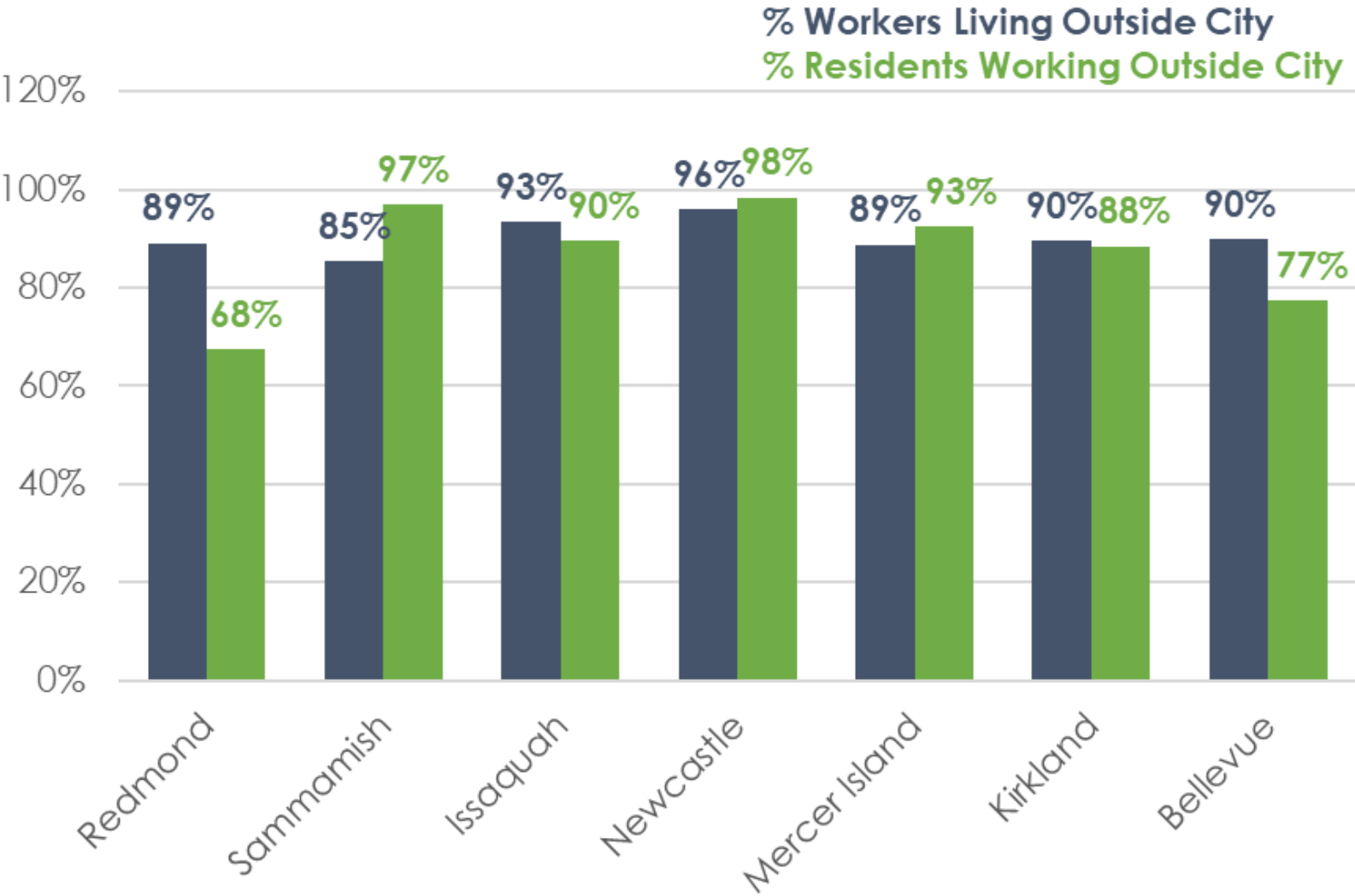


Commuter Data



Commute Trend - Outbound

Compared to regional peers, Redmond has the lowest share residents working outside the City



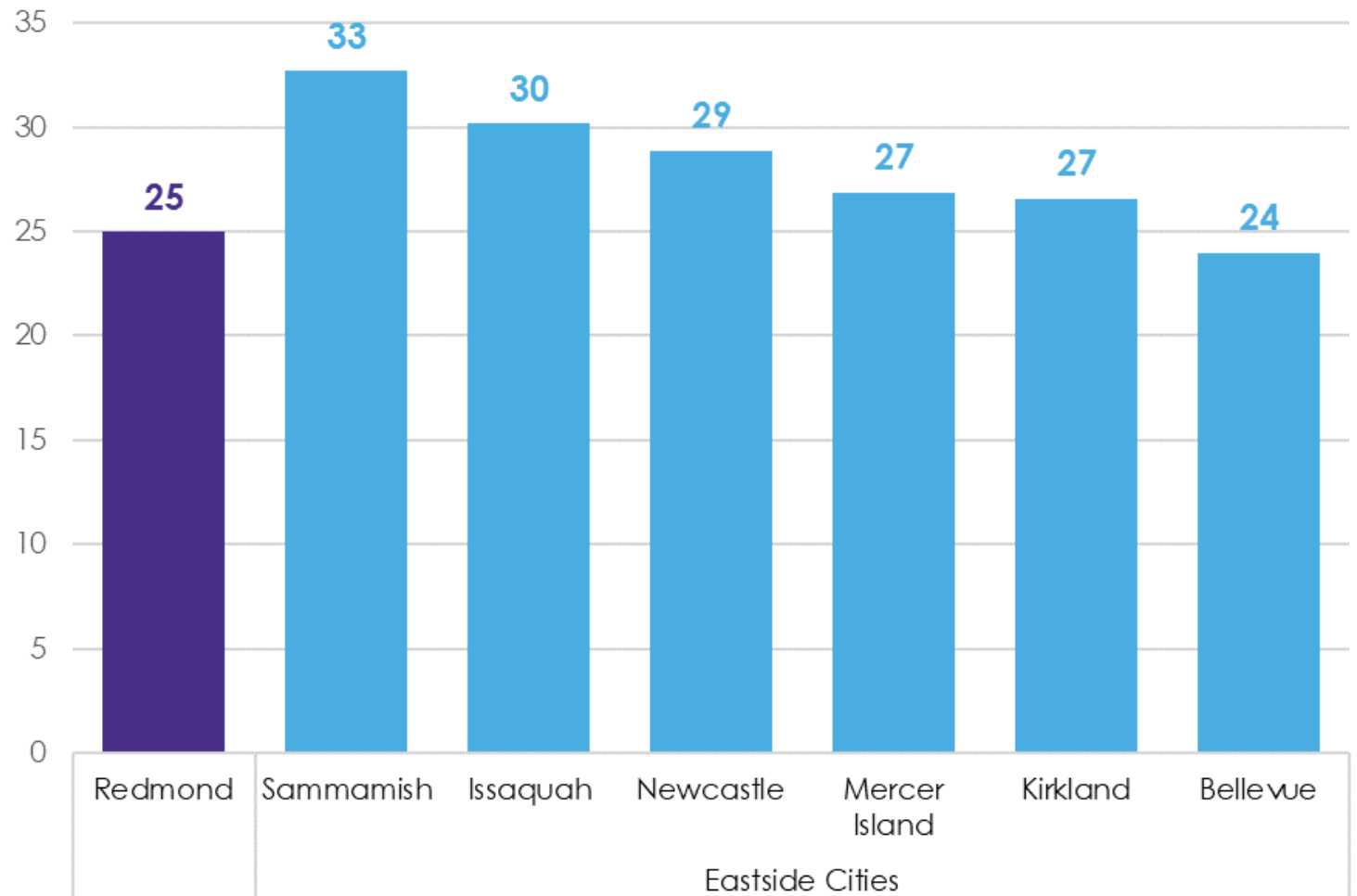
Source(s): LEHD, 2021;
Community Attributes, Inc., 2023.

Redmond Resident Average Commute Time



In 2021, the average commute time for Redmond residents was 25 minutes, shorter than other surrounding Eastside cities

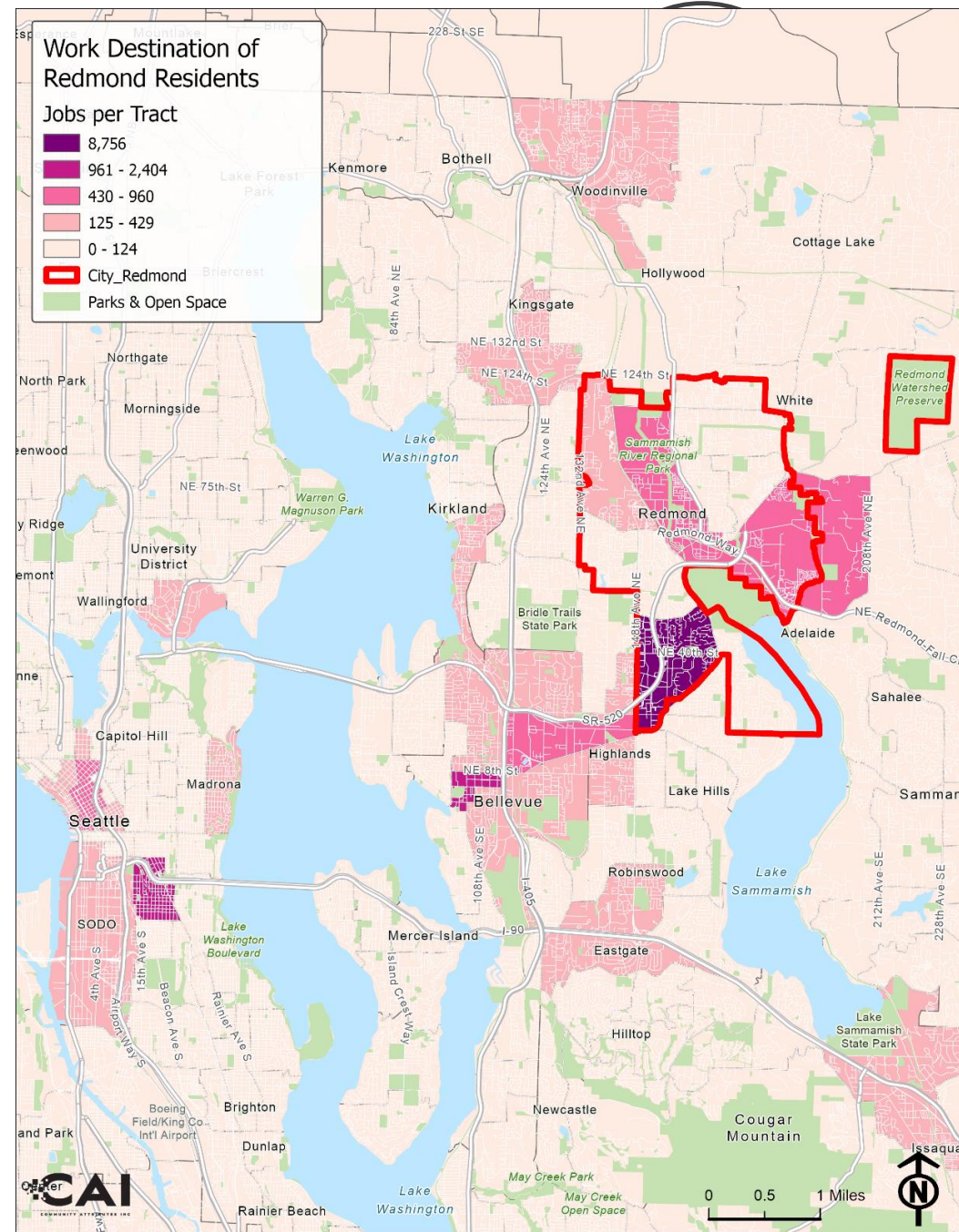
The city's lower average commute times may be because although many workers and residents commute outside of Redmond for work, they mostly commute to nearby communities on the Eastside and Seattle.



Commute Trends Work Destinations

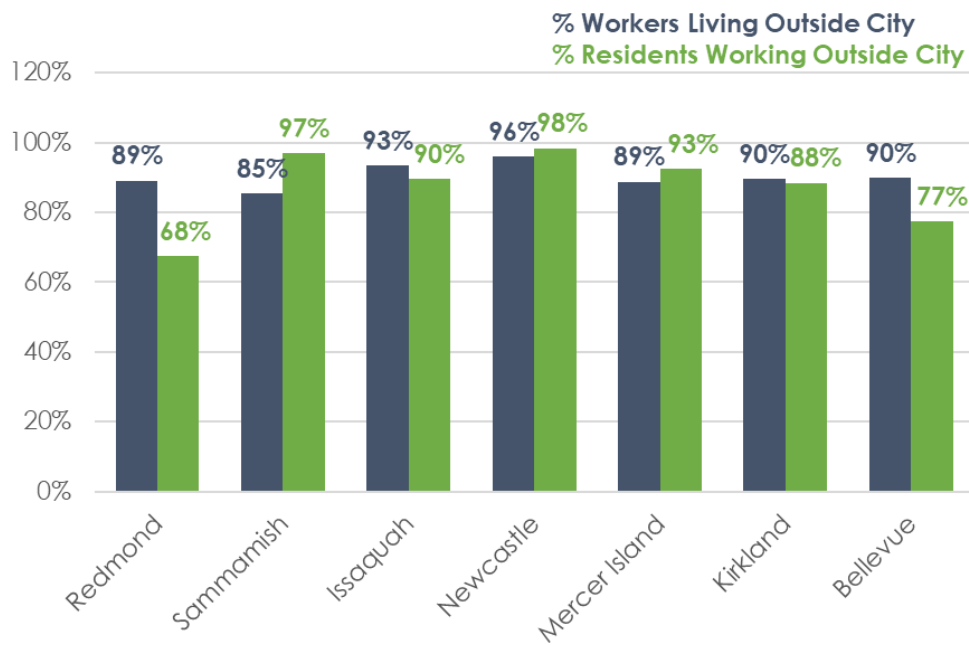
- 11,600 residents or 32% of Redmond's population work in the city. (the U.S. Census Longitudinal Employer-Household Dynamics (LEHD) program reports that)
- 77% of these resident workers work in Overlake (8,756 residents)
- Roughly 68% of residents work outside Redmond and commute for work to Seattle (25%), Bellevue (16%), Kirkland (5%), and other cities on the Eastside and in the region.

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



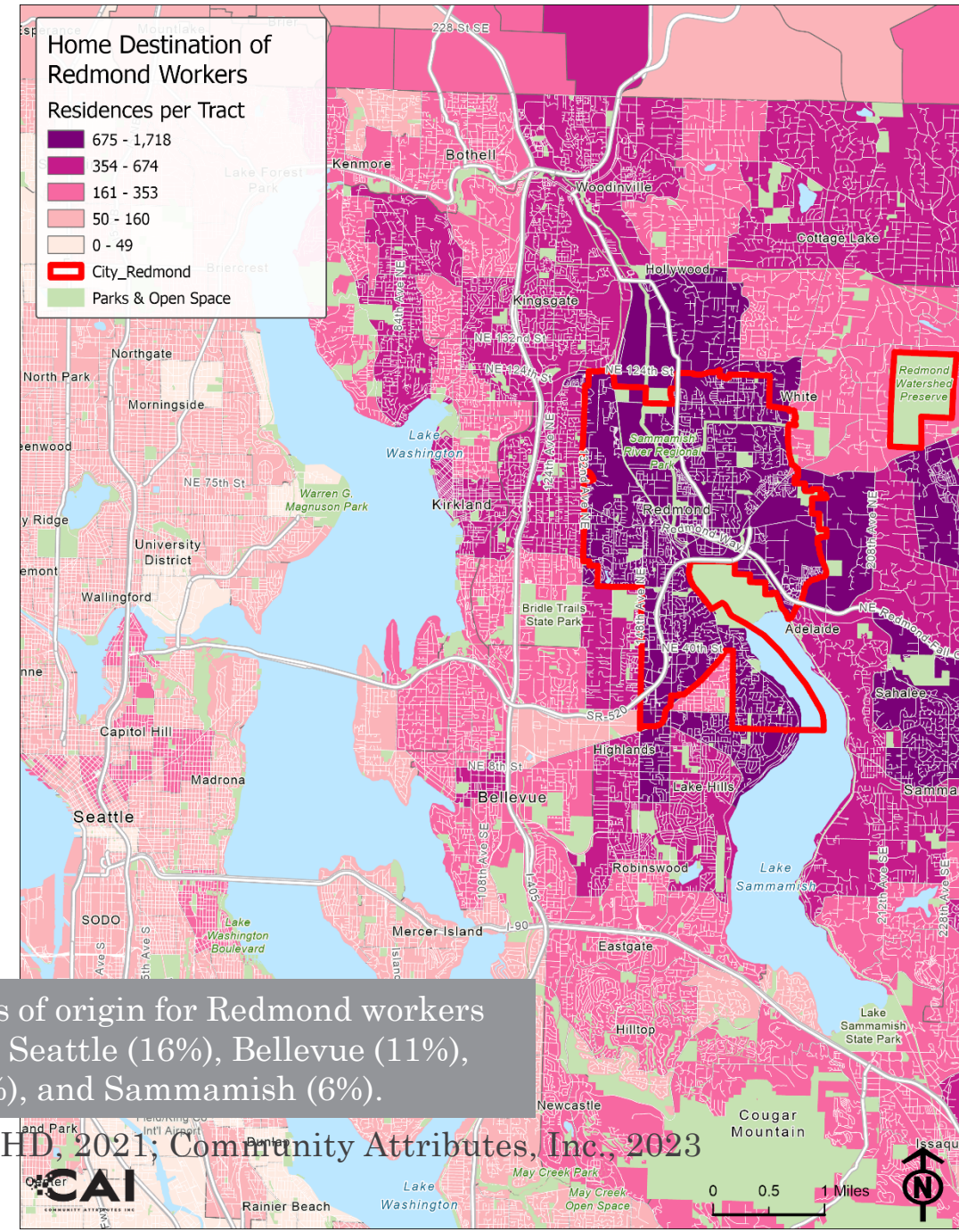
Redmond Worker Home Destinations

- 89% of all Redmond workers commuted into the city for work from nearby communities
- However, among other Eastside cities, 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%).

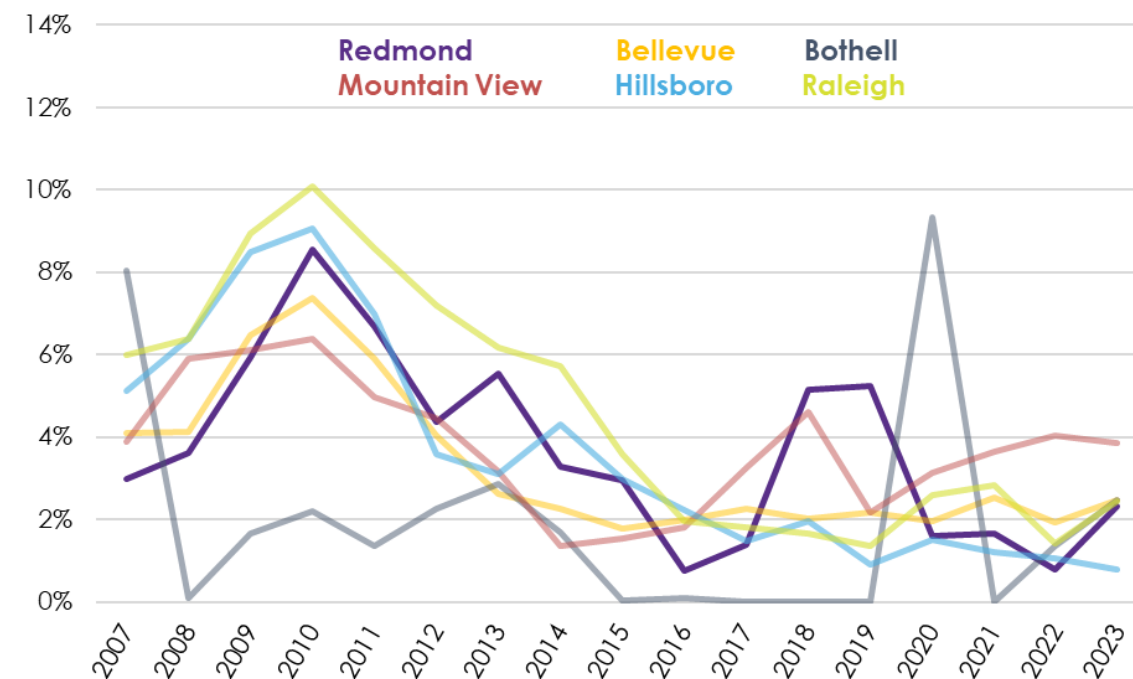
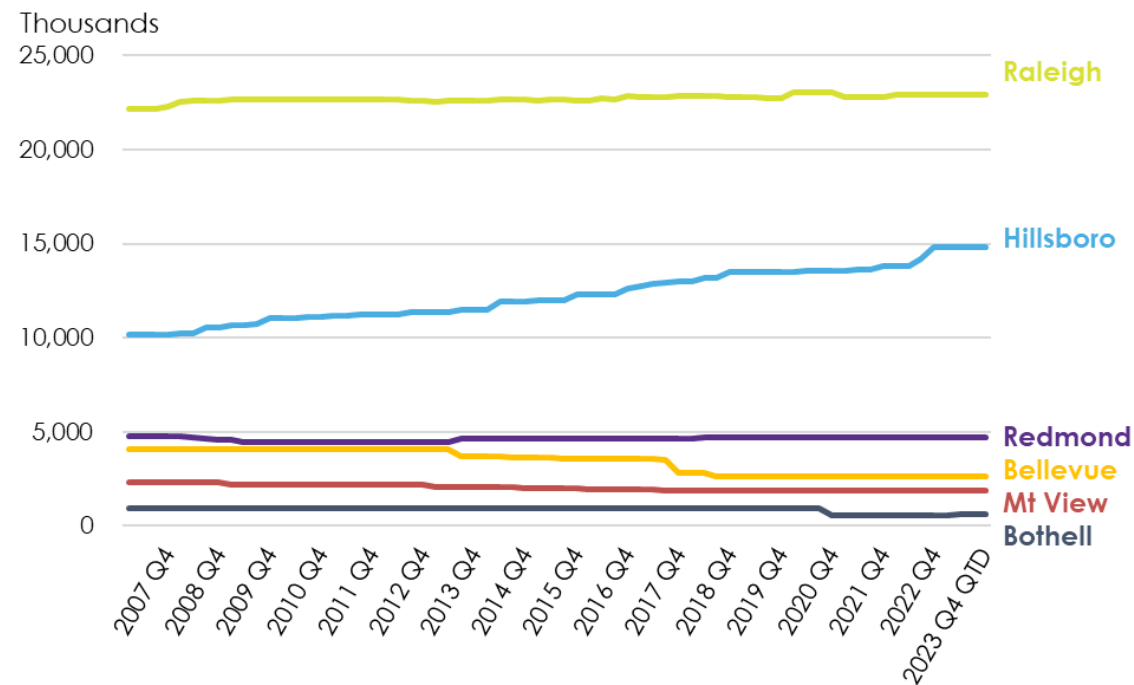
Source(s): LEHD, 2021; Community Attributes, Inc., 2023



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Real Estate Market

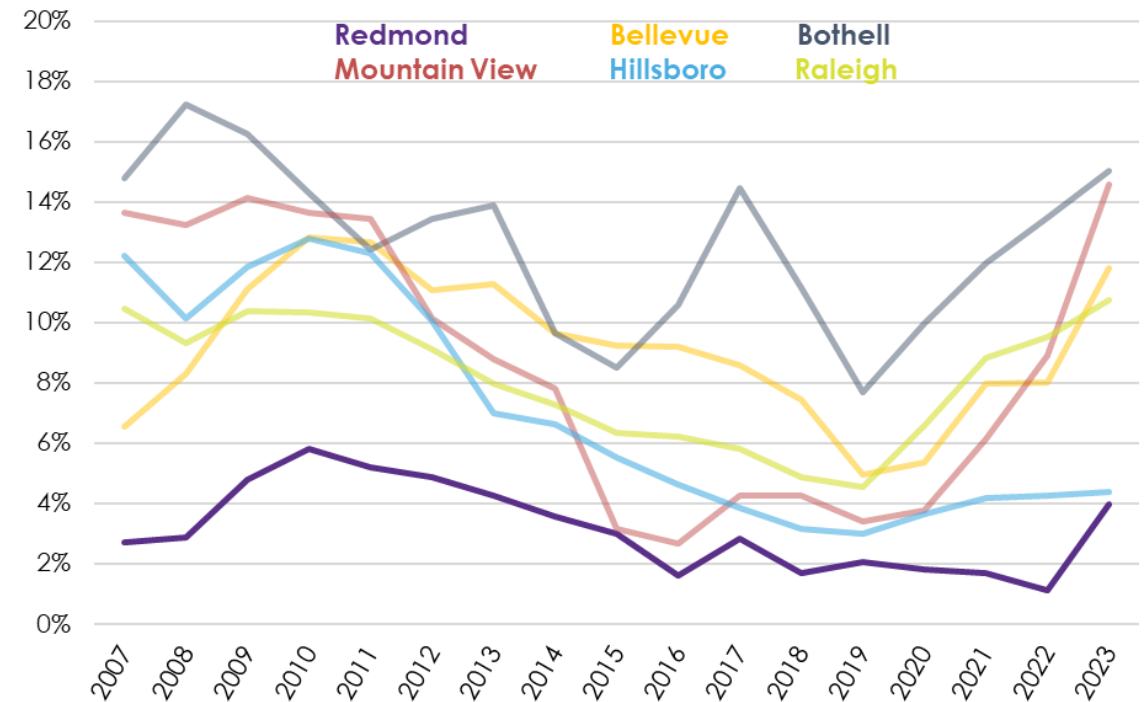
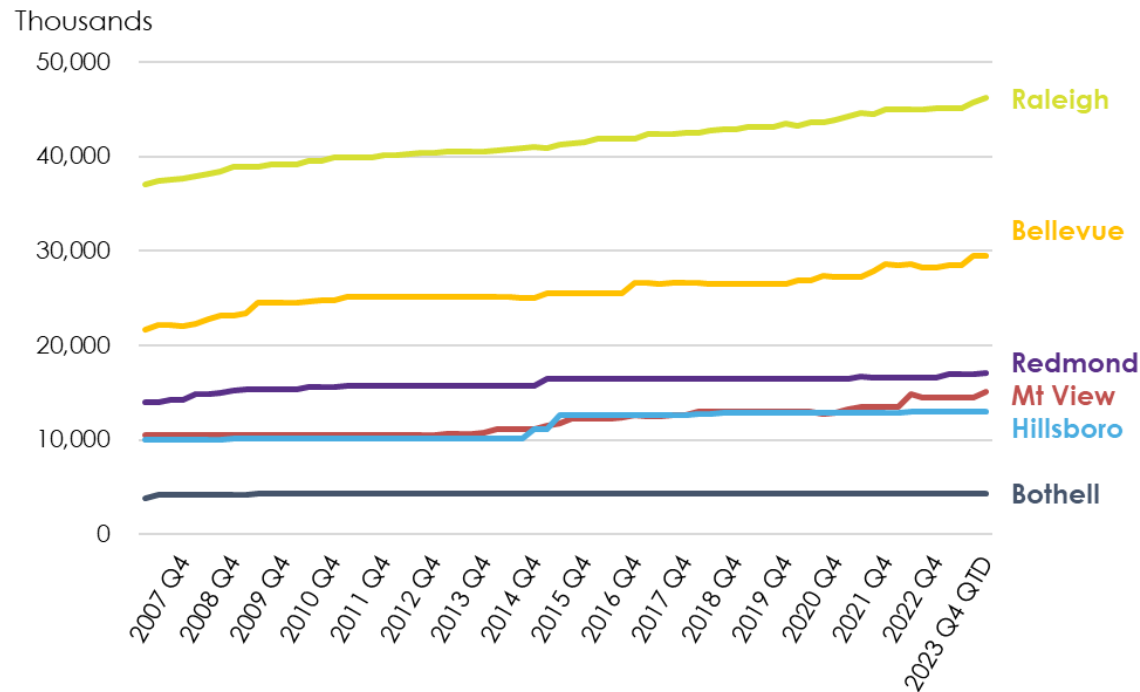
Retail Estate Market- Industrial Space



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

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.

Real Estate - Office

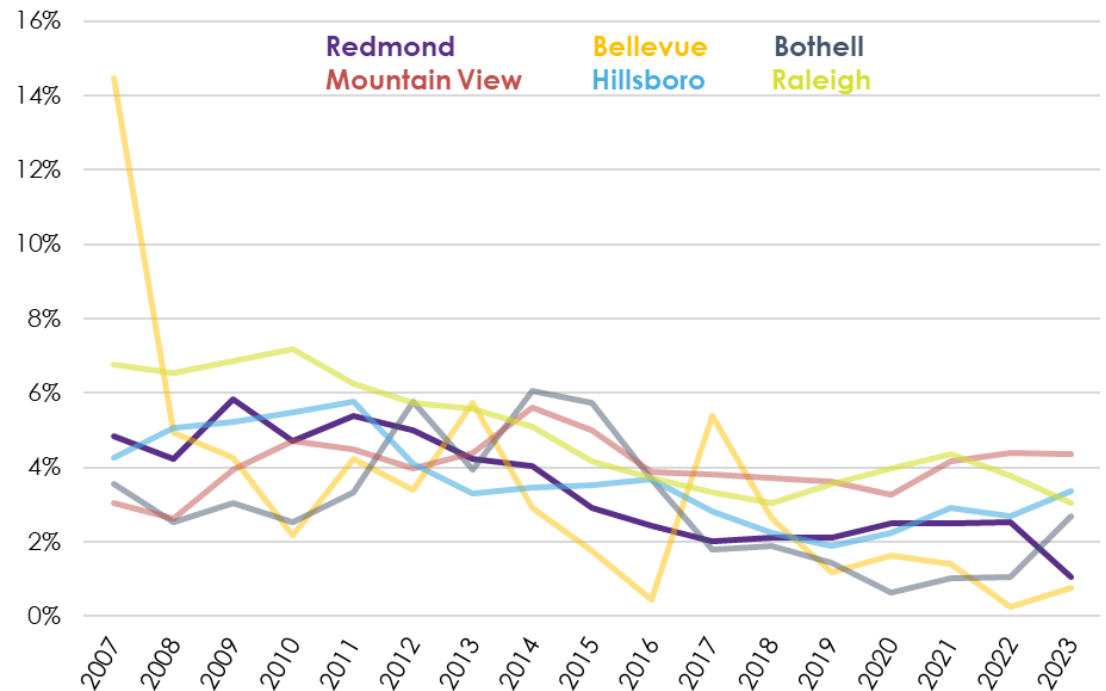
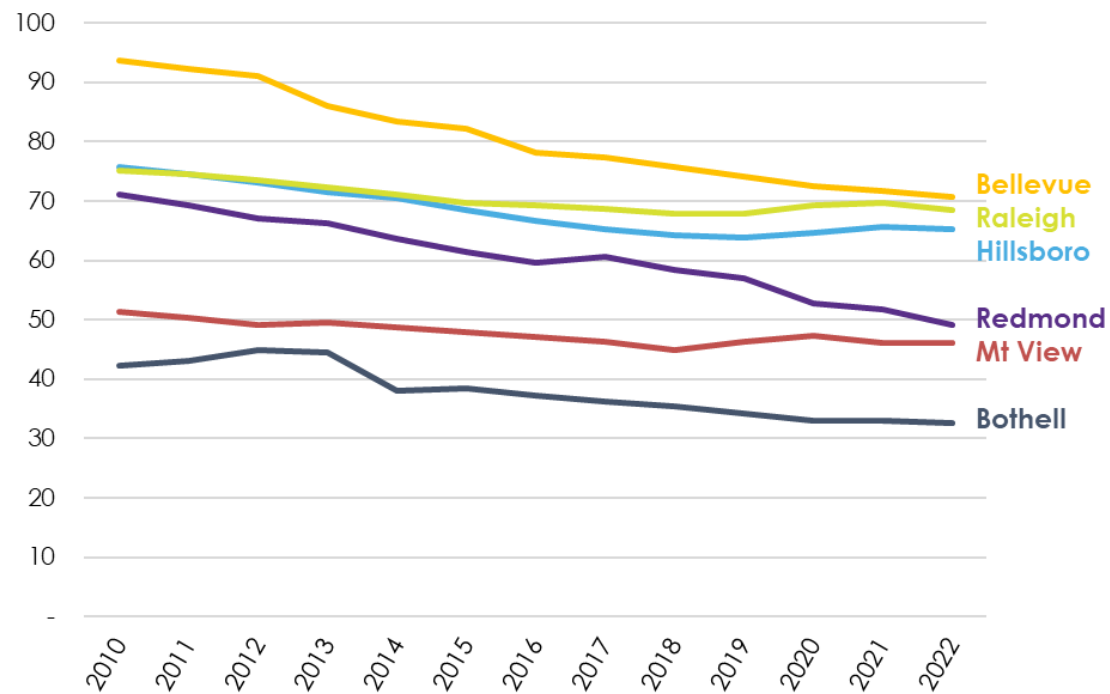


Source(s): CoStar 2023; CAI, 2023.

Redmond's office vacancy rate remains much lower than all benchmark communities and the Puget Sound region average of 13% in Q3 of 2023.

Real Estate - Retail

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.



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

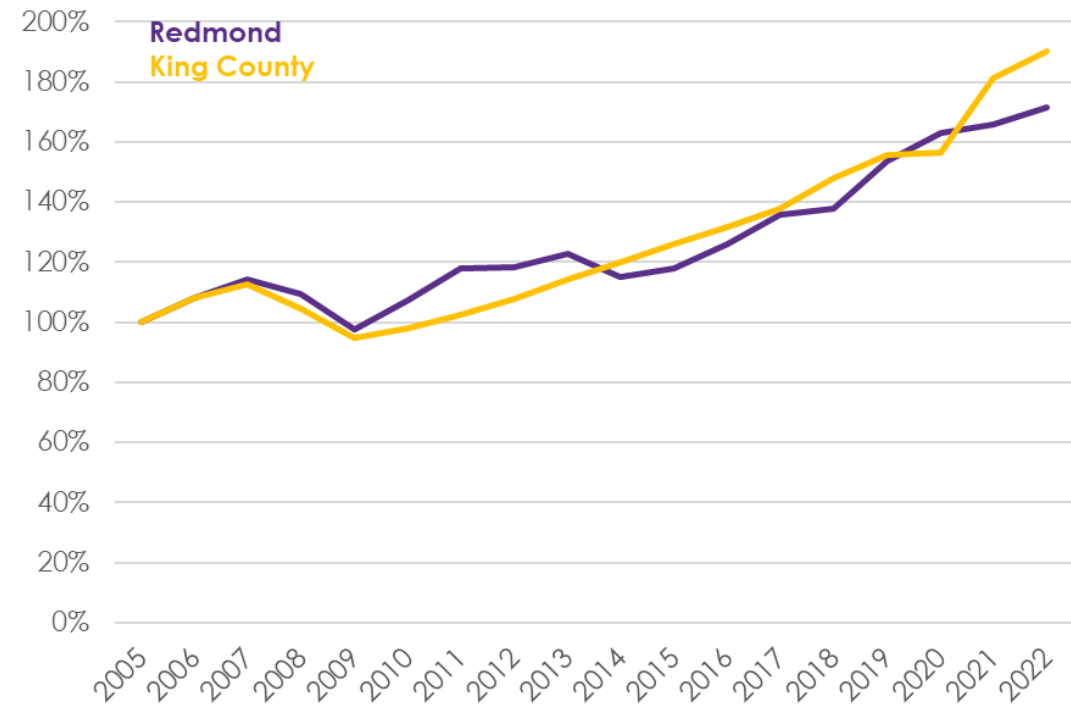
As a vacancy rate of 3% is considered healthy because it represents a market balanced between tenants and owners, these extremely low vacancy rates, and the lack of new deliveries (only two new buildings totaling 162,000 sf built in the last decade in Redmond), indicate that demand is outstripping supply of this commercial typology. **This shortage of space is also driving up lease rates and likely impacting smaller and independently owned business viability in Redmond.**



Retail and Small Business

Retail Sales

- 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).



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

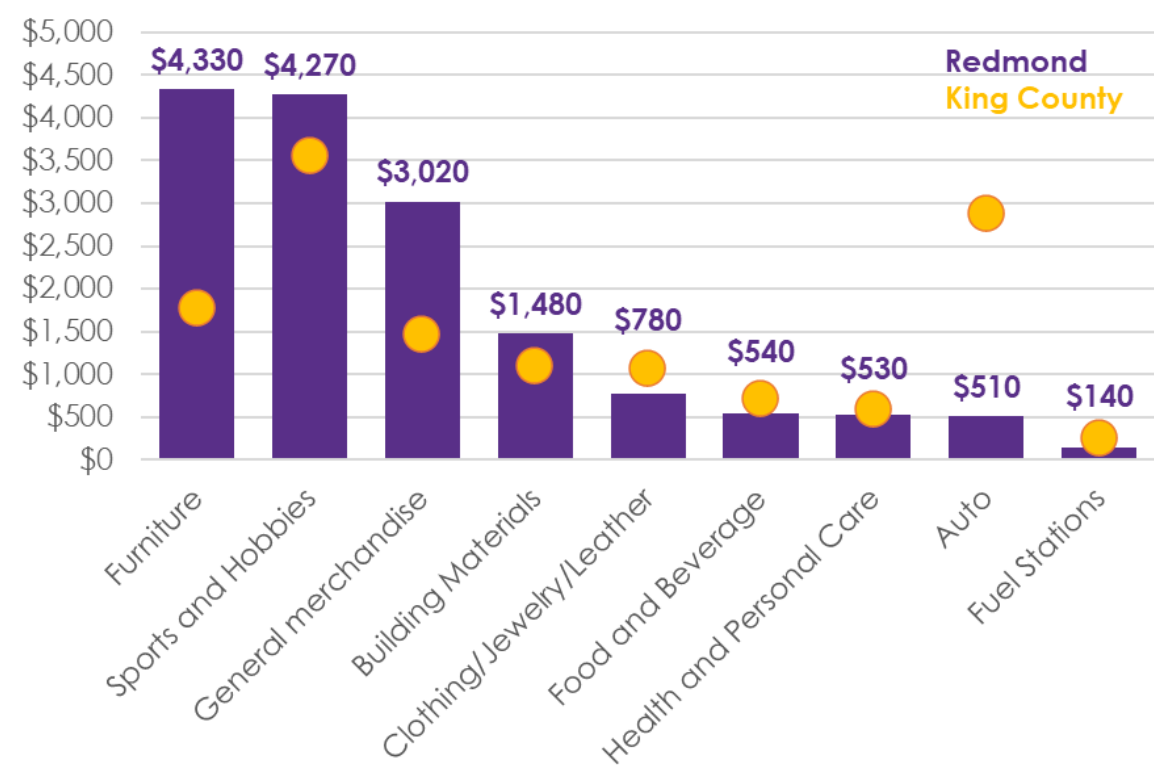
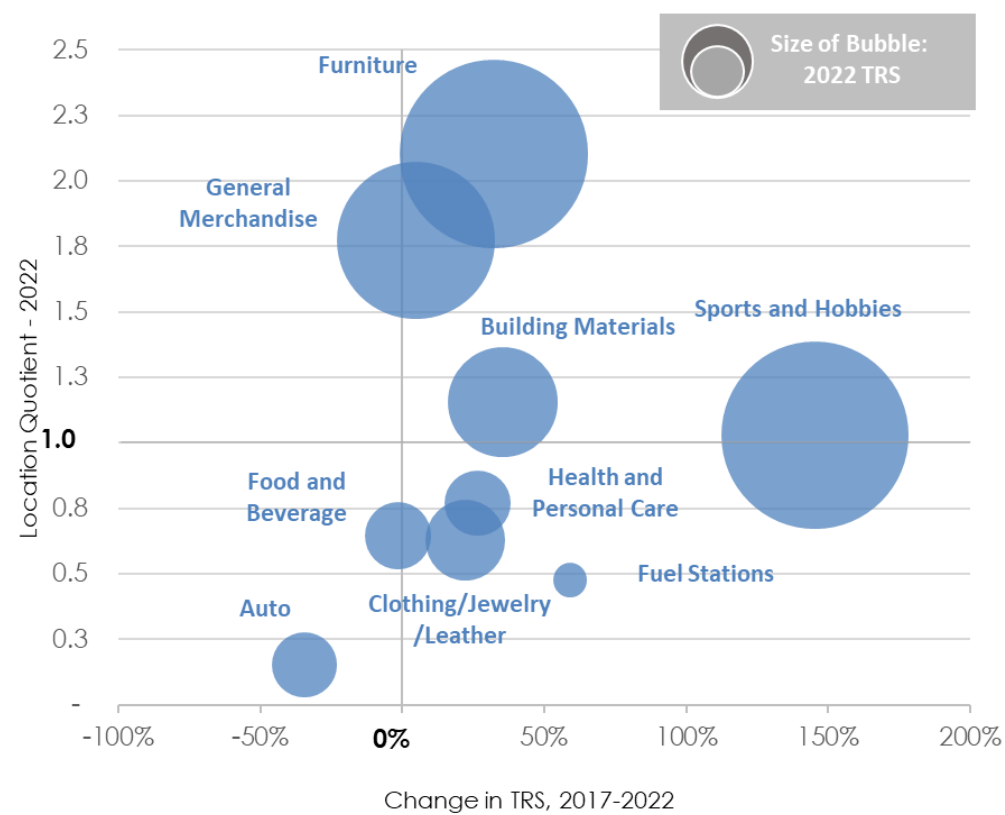
Retail Sales Regional Comparison

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.

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
Redmond	\$16,600	\$15,600
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

Retail Sales by Industry, Growth, and Concentration Relative to King County, Redmond



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

Economic Development Plan

Engagement Findings
Q1 2024





Engagement Findings

Engagement Methods

Engagement activities in support of the plan include:

- 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.
- Let's Engage Webpage will be posted with Draft Vision, Goals and Strategies for public Feedback.

Business Assistance

The top three priorities for businesses were:

- Retaining (and expanding) existing companies and reducing displacement
- Supporting entrepreneurship and innovation
- Supporting small, multicultural, and home-based businesses

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
- Access to professional support services

Needs included:

- 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.
- Grants for small and small-medium sized businesses to develop and commercialize new businesses.
- Offering regulatory support and incentives.
- Provide periodic industry networking events

Displacement

- **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.
- **Reasons for potential displacement mentioned included:**
 - Absence or reduction of commercial space
 - Parking issues
 - Rising rents
 - Costs of living
 - Wages
 - Taxation
- 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.
- 59% of respondents noted that 1 3,000 square feet or less would be most suitable for their business.

Availability of Space

- The limited availability of commercial space in Redmond, especially in the retail, industrial and manufacturing sectors, poses challenges for businesses.
- 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.
- Hosting events in the city has become increasingly challenging and prohibitive to the creative sector.
- Participants from the creative sector focus group also mentioned that they face difficulties finding space for their businesses, not just events.

Industry Groups

- Unaffordable commercial rents, parking, and finding qualified and skilled employees were most frequently ranked by respondents among the top three challenges their businesses are facing in Redmond today
- Creatives believe that the City of Redmond would benefit from a revival of the commitment to the arts and culture
- The space and aerospace sector sees an opportunity to increase awareness of their industry in Redmond and the region.
- Ideas included: implementing map directories of businesses, fostering regular community gatherings, and improving networking and visibility within the city. These efforts could potentially enhance the overall business environment and community engagement.

City Services

Permitting

- Permitting for development is a contentious issue among participants, and businesses cite challenges such as delays and lack of technical expertise.

Public Safety

- Participants would like to ensure that Redmond will not face similar public safety challenges as Seattle.

Transportation and Parking

- The new light rail opens possibilities to improve the quality of life for Redmond residents and workers.
- Last mile public transportation is important to realize the full potential of the new light rail stations in Redmond
- Participants are concerned about the lack of parking in highly congested areas, such as Downtown Redmond.

Housing

- The cost of living in Redmond is increasing and raising concerns for business owners and employees alike.
- Some participants believe that while Redmond offers low-income housing, the need is greater than the offerings.

Quality of Life

- Employees seek a vibrant city life with diverse recreational options, emphasizing the need for more restaurants (for example, fine dining) and entertainment.
- One fifth of survey respondents mentioned they would like to see more arts, entertainment, and recreation businesses expand or locate in Redmond.