

Existing Conditions

Economic Vitality

Introduction

Redmond's strong economic performance has made the city a magnet for growth. The strength of the economy relies heavily on the technology sector but does not end with Redmond having Microsoft's international headquarters. Stryker, Genie Terex, and Nintendo also host headquarters in Redmond. SpaceX, Facebook, Amazon, and Google all have a presence in the city, diversifying the technology-based jobs in our community. Numerous locally owned businesses add to Redmond's strong base of 5,900 employers.

A vibrant community anticipates and plans for the future, is adaptable to change and fosters a positive economic climate that supports the evolving needs of the community. When strategic plans, regulations and programs align with the community's vision, both public and private development decisions are more effective in advancing that vision.

State & Regional Planning Context

State Context

In 2019, Washington ranked fourth among the 50 states in economic growth and competitiveness, up from fifth in 2018 (Economic and Revenue Forecast Council, 2019). Washington has consistently ranked in the top states in exports during the last decade, and in 2019 ranked 5th in total value of exports behind Texas, California, New York and Louisiana. (Office of Financial Management, 2019)

The Washington State Department of Commerce focuses on the aerospace, agriculture/food manufacturing, clean technology, information and communication technology, forest products, life science/global health, maritime, and military/defense sectors. They do so by working closely with the governor, industry and government leaders to forge and promote public-private partnerships, enhance the workforce for the 21st century in targeted, high-growth industries, and advance broad-stroke strategies that support small business growth and expansion statewide.

Fast Facts

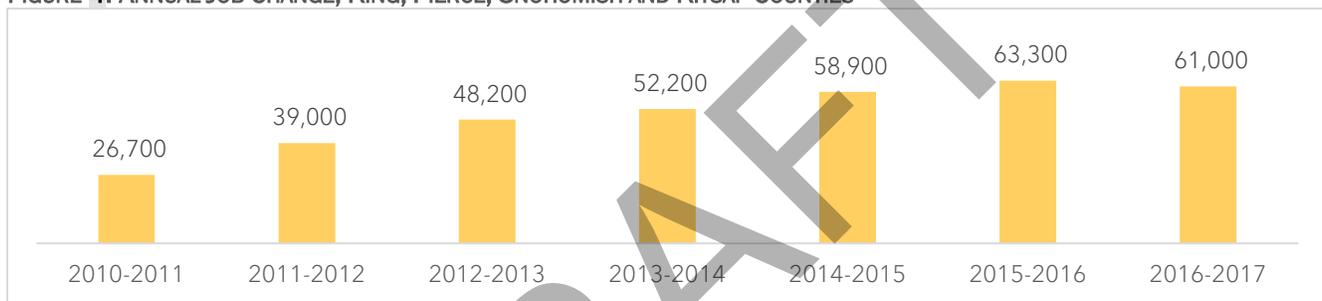
- Approximately 95,000 jobs are in Redmond, with an anticipated 119,000 jobs by 2030.
- 75% of jobs are in services sector
- Manufacturing accounts for 8% of jobs in Redmond
- Digital gaming, aerospace, and software development are key industry clusters
- Redmond's median household income is \$123,449
- 5.7% of households live in poverty
- 70% of jobs are in the Overlake Urban Center
- The number of jobs in Redmond exceeds available housing, resulting in a large daytime population.

Puget Sound Region

Between 2010 and 2017, the Puget Sound region has seen robust economic growth with 349,000 jobs added in the four-county region of King, Snohomish, Pierce and Kitsap Counties. While Washington added 52,500 jobs between October 2018 and October 2019, 79% of those jobs (or 41,600) were in the Seattle metropolitan area. Jobs across the four-county region of King, Pierce, Snohomish and Kitsap Counties have grown annually by an average of 2.7% per year, with a one year high of 3.2% in 2015/2016 (Figure 4).

The top economic sectors in the region are the services sector (46%), government & education (15%), retail (11%), and manufacturing (10%). This job share is a close match with that of the nation, with manufacturing and services sector being 1% higher than the national average. The services sector is further broken down into healthcare (27%), food services (19%), professional/scientific/technical (16%), and information (12%). The two subsectors of information and professional, scientific and technical services together surpass the share of health care jobs (PSRC, 2017).

FIGURE 4: ANNUAL JOB CHANGE, KING, PIERCE, SNOHOMISH AND KITSAP COUNTIES



(ESD, 2018)

King County

King County is the largest labor market in the state with nearly 42 percent of all nonfarm jobs in Washington state located here. King County job growth was largest in the technology sector with the addition of 52,000 jobs. Conversely, manufacturing saw the greatest decline with a loss of 34,500 jobs over the same time period between 2010 and 2016.

Before COVID-19, unemployment in King County had a long-term average of 4.9 percent. Unemployment rates reached a peak of 14.9 percent in April 2020 and dropped again to 7.2 percent in August 2020 (Statistics, 2020). The long-term economic impacts from COVID-19 remain unknown but will be monitored and addressed as part of the resiliency theme in the Comprehensive Plan.

The overarching goal of King County Countywide Planning Policies (CPPs) for economic vitality is for all people in King County to have opportunities to prosper and enjoy a high quality of life through economic growth and job creation.

Business creation, retention, expansion, and recruitment are the foundations of a strong economy. Local communities play a significant role through local government actions, such as developing and operating high-quality basic services like water, sewer, transportation, public health, and public safety; developing and implementing a land use plan that accommodates economic growth;

implementing a fair and predictable regulatory framework; engaging in public-private partnerships; and by nurturing a business-supportive culture, particularly for Black, Indigenous and people of color (BIPOC)- and women-owned businesses.

The following subset of CPPs related to economic vitality warrant special attention as they relate to Redmond's circumstances as a core city include the following (a full list of the economic vitality countywide planning policies can be found online):

- Coordinate local and countywide economic policies and strategies with VISION 2050 and the Regional Economic Strategy.
- Support economic growth that accommodates employment growth targets and prioritizes a diversity of living-wage jobs, through local land use plans, infrastructure development, and implementation of economic development strategies. Prevent the loss of middle-wage, middle skill jobs from the region.
- Help businesses thrive through:
 - Transparency, efficiency, and predictability of local regulations and policies;
 - Communication and partnerships between businesses, government, schools, and research institutions; and
 - Government contracts with local businesses.
- Support advanced manufacturing, aerospace, and technology industry clusters and related sub clusters within King County as integral components of the Regional Economic Strategy or given their significance to King County's economy.
- Foster a broad range of public-private partnerships to implement economic development policies, programs and projects
- Encourage commercial and mixed-use development that provide a range of job opportunities throughout the region to create a much closer balance and match between jobs and housing.
- Prevent economic displacement of small, culturally relevant businesses during periods of growth and redevelopment through targeted resource provision.

Local Planning & Regulatory Context

Redmond Regulations

The community vision expressed in the Comprehensive Plan is the foundational framework for guiding City activities. With respect to economic development, the 2030 Future Vision states in part that:

The Comprehensive Plan contains the following policy direction for economic vitality.

- Focus major employment and a variety of businesses, including retail, office, services and entertainment uses that are compatible with a mixed-use urban environment, in the Downtown and Overlake Urban Centers and the Marymoor Local Center;
- Focus additional employment in the Willows/Rose Hill and SE Redmond Neighborhoods.;
- Maintain properties currently developed with manufacturing uses for manufacturing and other uses permitted within the zone, recognizing that the types of manufacturing uses and needs change over time;

- Concentrate businesses where uses are complementary and can make efficient use of the existing infrastructure; and,
- Identify, construct and maintain infrastructure and utility systems and facilities that support economic vitality.
- The City's policies for capital facilities generally state that growth should pay for growth.

Redmond has acted to maintain a strong economy and a diverse job base. The City is the home to many small, medium-size and locally owned businesses and services, as well as nationally and internationally recognized corporations.

Current Conditions

Inventory of Existing Conditions

In Redmond, there are over 5,900 businesses with more than 95,000 jobs¹. Seventy-five percent of these jobs are in the services sector which encompasses information; professional, scientific, and technical services; educational services (private sector); health care and social assistance; arts, entertainment and recreation; and other services.

The number of jobs in Redmond grew by 50 percent between 1995 and 2019. The greatest growth came in the services industry, with 66 percent growth, or 47,514 jobs added. Manufacturing jobs declined the most, at 16 percent (1,273 jobs) over the same time period.

TABLE 1 REDMOND JOBS BY SECTOR

Jobs By Sector	1995 Jobs	2019 Jobs	% of total jobs (2019)	Change in Jobs	% Change over time
Government	886	1,045	1.1%	159	15%
Education	767	1,368	1.4%	601	44%
Finance, Insurance, Real Estate	2,380	1,991	2.1%	(389)	-20%
Construction & Resources	3,063	3,272	3.4%	209	6%
Wholesale Trade, Transportation & Utilities	3,261	3,899	4.1%	638	16%
Retail	3,303	3,942	4.1%	639	16%
Manufacturing	9,226	7,953	8.3%	(1,273)	-16%
Services	24,517	72,031	75.4%	47,514	66%
TOTAL	47,405	95,501	100%	48,096	15%

¹ The unit of measurement for this table and discussion is jobs, rather than working persons or proportional full-time employment (FTE) equivalents. Part-time and temporary positions are included.

(PSRC)

In addition to the robust job market, workers receive competitive compensation. Redmond residents have a median household income of \$123,449, higher than the average for King County and for Washington state. Within Redmond, 5.7 percent of the population is living in poverty, compared to 9.2 percent in King County and 9.8 percent in Washington state. Redmond also has a high median home price of \$823,300, which results in part from the high demand for housing in Redmond relative to supply (see Housing Existing Conditions Report for more).

FIGURE 1 MEDIAN HOUSEHOLD INCOME BY AREA



(United States Census Bureau, 2018)

Business Clusters

The *OneRedmond Business Plan, 2012*, included a strengths, weaknesses, opportunities and threats (SWOT) analysis that identifies opportunities and challenges facing Redmond based on the community's resources and location². The analysis indicated that:

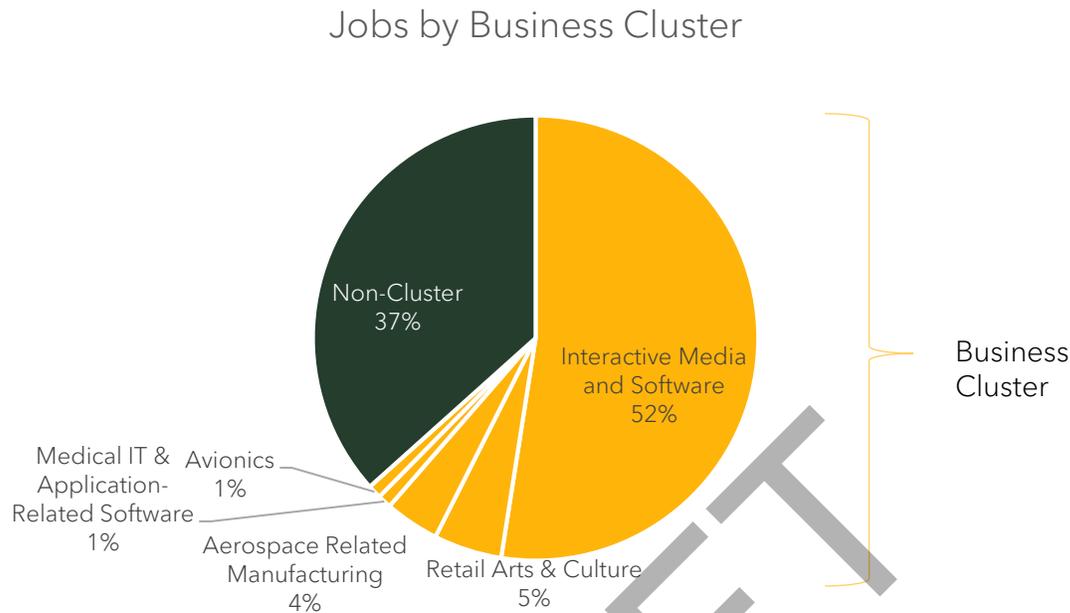
- The best opportunities for economic development are by targeting specific industries;
- Targeting business sectors helps to diversify Redmond's economy by using existing assets in the near-term, and sustaining economic growth in the long-term; and
- Activities should center on business startups, retention, attraction and expansion, particularly in targeted industries.

Both City of Redmond and private sector economic development activities therefore focus on retaining and attracting businesses in the following targeted areas, known as business clusters:

- Aerospace-related advanced manufacturing
- Avionics
- Interactive media and software
- Medical information technology and application-related software
- Retail, arts and culture

Cluster employment from the time of this study is shown in Figure 2, with data indicating that approximately 63 percent of all jobs (53,210 jobs) were in these clusters, and 37 percent (31,250 jobs) were in non-cluster industries.

FIGURE 2 NUMBER OF JOBS IN REDMOND'S BUSINESS CLUSTERS (2014)



Employment Centers

Redmond has two urban centers that act as major employment centers: Downtown and Overlake. Employment centers are also found along Willows Road, in Southeast Redmond, and in Marymoor Village (see Land Use Chapter for reference maps). The Willows Road corridor has a diverse range of business including light manufacturing, digital gaming development, aerospace, and regional headquarters. The Southeast Redmond Business Corridor is home to manufacturing, research and development, light industry, wholesale, assembly, and distribution businesses. The Marymoor Village area adjacent to the Southeast Redmond Business Corridor is planned to accommodate an additional 12,000 jobs by 2030.

TABLE 2 LOCATION OF REDMOND EMPLOYMENT

Employment Center Location	Approximate FTEs	Percent of Jobs in Employment Centers
Overlake	48,000	70%
Downtown	10,000	15%
Marymoor Village/SE Redmond	5,100 ³	7.5%
Willows Road Business Corridor	5,200	7.5%

(CITY OF REDMOND, 2020)

³ Marymoor Village and SE Redmond jobs numbers are an estimate based on employers with more than 100 employees from the Commute Trip Reduction survey. This neighborhood is projected to house 12,000 jobs by 2030.

Major Redmond Employers

Redmond's top 20 businesses by number of employees represented less than 1 percent of all licensed businesses, but 51 percent of jobs in Redmond (**City of Redmond, 2016**). Redmond hosts the headquarters of several corporations including Aerojet Rocketdyne, Genie/Terex, Microsoft, Nintendo of America, and Oculus. Microsoft is the largest employer in Redmond, representing approximately 40 percent of employees in Redmond. Eurest Dining Services, which supports the Microsoft campus, is also in the top 5 employers in the city.

TABLE 3 TOP 20 REDMOND EMPLOYERS, 2019

Rank	Company	Full Time Equivalent (FTE) Jobs	Percent of 95,501 Total FTEs
1	Microsoft Corporation	36,087	38%
2	Terex Washington & USA	2,044	2.1%
3	Eurest Dining Services	1,352	1.4%
4	Lake Washington School District	1,294	1.4%
5	Nintendo of America	972	1.0%
6	Honeywell International Inc.	923	1.0%
7	City of Redmond	792	0.8%
8	United Parcel Service	755	0.8%
9	Stryker Corporation	694	0.7%
10	Facebook Technologies LLC	590	0.6%
11	CBRE, Inc.	553	0.6%
12	AT&T Mobility	434	0.5%
13	Aerojet	432	0.5%
14	Accenture	380	0.4%
15	MV Public Transportation Inc.	352	0.4%
16	Pactera Technologies Inc.	324	0.3%
17	Costco	279	0.3%
18	Wyndham Vacation Ownership Inc.	275	0.3%
19	Puget Sound Energy	263	0.3%
20	Novitex Enterprise Solutions Inc.	261	0.3%

(CITY OF REDMOND, 2019)

Redmond Workforce

Redmond has a highly educated workforce with 70 percent of the population over the age of 25 having at least a bachelor's degree, compared to the 35 percent for Washington state and 51 percent for King County. Residents over 25 who are a high school graduate or higher is 97 percent (United States Census Bureau, 2018). Additional information on Redmond's demographics can be found in the Introduction section.

Inventory of Actions and Programs

Past studies completed by the City of Redmond stated that economic development cannot be successfully achieved acting alone; successful outcomes depend on the City engaging in a variety of

partnerships. The following are a list of partnerships the City maintains as they relate to Economic Vitality.

Experience Redmond Tourism

The Experience Redmond Tourism organization collects and shares information to promote tourism in Redmond. The organization maximizes outreach through social media to serve as a virtual tour guide.

One Redmond

OneRedmond is a public-private partnership that supports and advocates for local businesses, non-profits, and community. OneRedmond is an alliance of various business, government, education, and community entities to promote economic vitality in Redmond.

Go Redmond

Go Redmond is a partnership between the City of Redmond, Greater Redmond Transportation Management Association, and King County Metro. The program aids commuters and employers to improve access to local businesses and help get 95,000 employees in Redmond to work.

Local Schools

Successful programs & companies return benefits directly and indirectly to the community. A prime example of this is the support that residents and the business community have given to the school system that has resulted in a high-quality educational system that serves the needs of people of all ages, from K-12 public education by the Lake Washington School District to technical training at Digipen Institute of Technology.

Washington Interactive Network

Washington Interactive Network is a nonprofit organization with the mission to promote, nurture, and grow the Interactive Media industry cluster in Washington state.

Innovation Triangle

The Innovation Triangle is a partnership between the cities of Bellevue, Kirkland, and Redmond—as well as the Port of Seattle—dedicated to building and maintaining the world's foremost innovation and technology center.

Pacific Northwest Aerospace Alliance

Pacific Northwest Aerospace Alliance is a non-profit organization made up of a coalition of aerospace companies that serve North America's largest commercial aerospace manufacturing hub. With members and affiliates around the world, PNAA strengthens the manufacturing supply chain through dynamic events designed to inform aerospace leaders, connect aerospace interests, and inspire industry collaboration and innovation.

StartUp 425

Startup 425 is a collaborative effort to expand entrepreneurship opportunities across Eastside communities by helping you turn that idea into reality.

Level of Service

Five percent (\$27,888,978) of the 2019-2020 budget supported the Vibrant Economy budget priority. This included projects and staffing that support the goal of growing a diverse and vibrant range of businesses and services in Redmond.

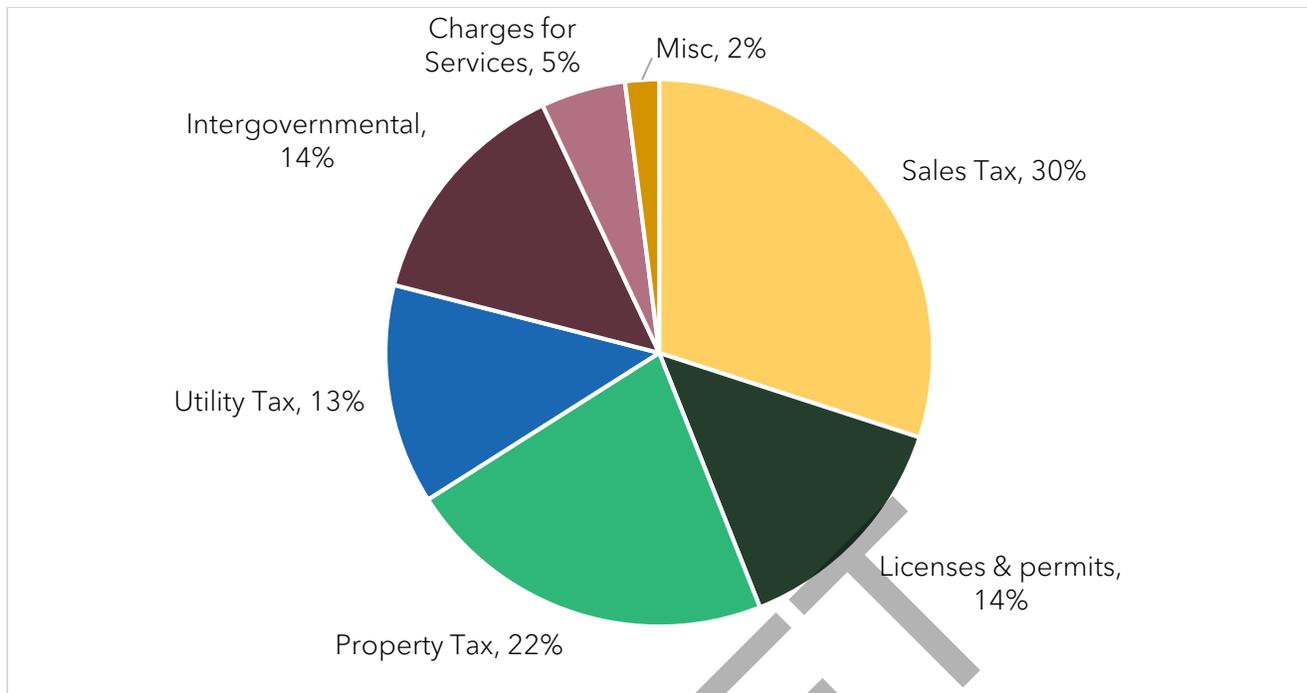
As part of the budget planning process, Redmond uses several metrics to track progress on Economic Vitality. The number of businesses that have been in Redmond for more than seven years measures Redmond’s ability to attract and retain a vibrant business community and a diversity of established businesses creates local choices and opportunities. Redmond’s residents indicated that convenient access to the types of services and business amenities was important and is measured by community satisfaction with the local services.

TABLE 4 VIBRANT ECONOMY BUDGET OFFER METRICS

Performance Measure Actual Target	2015	2016	2017
Jobs to Housing Ratio	2.35	2.31	TBD
Percentage of Redmond residents either very satisfied or satisfied with the type and variety of employers, restaurants, retail shops and services in Redmond	87%	86%	86%
The number of active businesses in Redmond that have held a business licensed for seven years or more (City of Redmond, 2018) (City of Redmond, 2018)	1,472	1,501	1,283

Strong economic performance supports the work of the City by helping to fund local government. For example, one-third of general fund revenues comes from sales taxes paid at local businesses (Figure 4).

FIGURE 3 GENERAL FUND BUDGET SOURCES (CITY OF REDMOND, 2020)



Trends Analysis

Technology-Based Jobs

Redmond continues to be a magnet for high tech employers with Microsoft, Facebook Oculus, Google and Amazon all having a presence in Redmond. Overreliance on one sector may reduce Redmond's resilience to changes in any industry-specific or economic downturn.

Teleworking/Commuting:

Before COVID-19, there was 159 percent increase telework between 2005 and 2017, with 3.4 percent of the population working remotely. Knowledge sector employees are prevalent in Redmond and these types of jobs lend themselves to teleworking. If employees no longer need a physical presence in the office, there are positive repercussions for the environment, but potentially negative impacts on the local economy that supports these employees. Redmond should consider enhancing educational, environmental, cultural and social qualities to attract a future workforce who may be able to live anywhere but chooses Redmond. Telework may also provide an opportunity expand business diversity beyond current employment clusters.

Traffic Congestion

OneRedmond has flagged that traffic congestion in certain corridors in Redmond may have negative impacts on economic growth, impacting the delivery of freight and the talent that works in Redmond. Traffic congestion is a factor firms consider when locating or expanding in Redmond. Mitigation strategies should be considered in the Transportation Master Plan & Transportation Element update.

Recovery Efforts

The full extent and scale of disruption from COVID-19 is still unknown. However, we are seeing trends that indicate negative impacts on businesses could result in a higher number of business closures and the ripple effects of staff layoffs and impacts to the broader economy that may need to be addressed.

Policy Considerations

- **Equity**
 - Identify strategies to retain and support existing, local businesses and help them succeed
 - Maintain manufacturing land uses
 - Ensure all businesses have access to recovery resources through clear and supportive processes
 - Focus retention and recruitment efforts on businesses that provide living wage jobs, women- and minority-owned small businesses and start-up companies
- **Resiliency**
 - Diversify and expand the job sector and business clusters to enhance economic resiliency
 - Review policies for “Artisan and Craft” businesses that blend light manufacturing and retail zones
 - Enhance local cultural and social qualities to attract workforce
 - Evaluate the City’s policies for capital facilities that generally state that growth should pay for growth
- **Sustainability & Technology Forward**

Focus retention and recruitment efforts on established and emerging industries, technologies, and services, that promote environmental sustainability, especially those addressing climate change and resilience