

City of Bellevue Retail Study

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Prepared by:



Prepared for:





*Community Attributes Inc. tells data-rich stories about communities
that are important to decision makers.*

President and CEO:
Chris Mefford

Project Manager:
Elliot Weiss

Analysts:
Rebecca Ballweg
Carly Bednarski
Cassie Byerly
Kortney Cena
Bryan Lobel
Connor Reed
Dominic Roche
Ethan Schmidt

Community Attributes Inc.
500 Union Street, Suite 200
Seattle, Washington 98101
www.communityattributes.com

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INTRODUCTION

Background and Purpose

Bellevue has a vibrant local economy, including a robust retail sector that draws consumers from across the central Puget Sound region. The city experienced significant population growth in the 1960's and 1970's, as well as between 1990 and the 2010's, and Bellevue is a now large city of 153,900 residents. It is located east of Lake Washington, which separates Bellevue from the City of Seattle. The City of Bellevue anchors a diverse, tech-anchored economy within the cities located east of Lake Washington (denoted as the "Eastside") and has come to be known as an enclave for tech workers and tech offices within the region. The City of Bellevue consists of households earning high median household incomes, and retail spending data suggests Bellevue is a destination for eastside consumers seeking out a range of retail sectors.

Bellevue's retail sector is one of the city's primary economic anchors. Coming out of the COVID-19 pandemic, however, this sector faces both opportunities and challenges, including shifting consumer preferences and increasing labor costs. Understanding the relative strengths and weaknesses of Bellevue's retail sector is critical to identifying opportunities for business growth and expansion, broad economic development, and continued success as a retail destination within the region.

This report presents qualitative and quantitative data to characterize Bellevue's retail sector. This includes comparisons between Bellevue, the region, and several individual districts both within Bellevue and across the country. The data contained in this report inform a SWOT analysis, which will help to identify impactful strategies in future work.

Methods

Information and findings in this report are primarily informed by quantitative data from several sources, from stakeholder engagement, including individual interviews and focus groups, and from public feedback via a survey.

Data Sources

This report presents data from several sources, including from the Washington State Office of Financial Management and the Washington State Department of Revenue. Commercial real estate data, including lease and vacancy rates, absorption, construction, and total inventory, is sourced from CoStar. Consumer expenditures and income data, in addition to detailed demographic and workplace data is sourced from the Bureau of Labor

Statistics and U.S. Census Bureau. More complex demographic profiles, as well as extensive retail sales data by sector, are included courtesy of ESRI, and zoning data for Bellevue is derived from the City of Bellevue Municipal Code.

Stakeholder Interviews

CAI conducted individual interviews and focus group discussions with local businesses and organizations, as well as commercial real estate professionals, that probed industry issues and informed data analytics. This outreach helped to vet the data analytics, offered insights into industry trends, advanced an in-depth perspective on the state of the auto sales and service sector, and a wide range of challenges that local business owners face in operating successful retail businesses.

Survey

CAI deployed a survey for residents across the region—with a focus on residents and workers in Bellevue—to obtain data on consumer demographics, shopping preferences, perceptions of regional retail options, and general sentiment on the state of retail offerings in Bellevue. The survey was widely advertised, including on the city website and social media channels, with QR codes posted in public places, as well as at various meetings and engagement events. In total, CAI received 215 survey responses.

Organization of this Report

The remainder of this report is organized as follows:

- **Executive Summary.** Summary of key findings for retail in Bellevue, perceptions of retail in Bellevue, and a summary of information by retail center.
- **Bellevue’s Retail Sector in 2023.** Identification of study geographical area, as well as high-level overview of demographic characteristics of Region’s residents. Includes snapshot of retail market, including inventory, sales, construction, absorption, vacancy and lease rates.
- **Comparative Perspectives on Bellevue’s Retail Districts.** Features in-depth assessment of District Profiles, offering further context on trends, patterns and the state of the retail market for each district.
- **Stakeholder Perspectives on Retail in Bellevue.** Identification of potential retail growth and/or redevelopment opportunities in Bellevue, as well as land capacity constraint analysis.

- **Accommodating Future Retail Growth.** Analysis of consumer survey data and data from focus groups comprised of key stakeholders and professionals in the Bellevue retail space.
- **Synthesis and Key Findings.** Comprehensive analysis of Strengths, Weaknesses, Opportunities, and Threats (SWOT) pertinent to Bellevue’s potential furthered retail growth.
- **Summary and Conclusion.** Summary of key findings.

EXECUTIVE SUMMARY

City of Bellevue Retail Key Findings

Bellevue Retail Landscape

Bellevue is a diverse and rapidly growing community in east King County, Washington. It's resident and worker population has a bearing on its current retail strengths and future retail opportunities. Specific findings related to Bellevue's resident and worker population include:

- In order to accommodate assigned growth targets from King County, Bellevue will have to grow at a much faster rate than it has been since 2000, and it will take on a greater share of total county population by 2050.
- Ethnic diversity within Bellevue's community is a key factor contributing to the richness and variety of retail offerings, enhancing Bellevue's reputation as a shopping destination that appeals to a diverse group of visitors. Trends toward increasing diversity continue in Bellevue over time.
- Only 11% of Bellevue jobs are held by Bellevue residents, with the majority of Bellevue's workers commuting in from other parts of the Puget Sound and beyond, including Seattle, Kirkland, Renton, and Redmond.
- A large group (30%) of Bellevue's working residents commute to Seattle for work. Another 24% of Bellevue's employed residents work at jobs in Bellevue itself.
- Prominent ESRI tapestry demographic segments in Bellevue's retail centers included *Metro Renters*, *Top Tier*, and *Enterprising Professionals*.

Retail Inventory and Absorption in Bellevue

Bellevue is the most significant retail center in east King County, and population growth suggests that Bellevue may be able to support the addition of millions of additional retail square footage through 2044. Specific findings related to Bellevue's retail inventory include:

- Total retail inventory grew to a peak of 18.2M square feet in 2021, where it has since plateaued. The City of Bellevue's retail inventory makes up more than half of the retail inventory of the combined Eastside geography, or roughly 10% of total county inventory in 2023.
- The steady positive net absorption in Bellevue, especially following heavy retail delivery of nearly 600,000 square feet of retail space since 2016, indicates consistent demand for retail real estate spaces in the City of Bellevue relative to the supply.

- Assuming per capita retail spending remains constant, forecasted population growth for the City of Bellevue suggests the city will be able to accommodate anywhere from an additional 1.8 million square feet to 5.6 million square feet of retail space by 2044, depending on the level of growth experienced.
- The largest segment of Bellevue and the Eastside Region’s retail type is designated as freestanding, representing single tenant, general-purpose commercial retail buildings. This may include strip centers, fast-food restaurants, and “big box” structures such as Costco. Other common retail types found in Bellevue include department stores, storefront retail/office, and auto dealerships.

Taxable Retail Sales in Bellevue

Taxable retail sales receipts are important to Bellevue’s fiscal health, and historically these receipts have been higher in Bellevue than countywide on a per capita basis. Specific findings related to taxable retail sales include:

- Bellevue’s 2022 per capita taxable retail sales were higher than that of the Eastside Region and made up a significant portion of King County’s taxable retail sales. These grew incrementally in the years leading up to the COVID-19 pandemic.
- Bellevue’s taxable retail sales are attributable largely to motor vehicle and parts dealers, sporting goods, hobby, musical instrument, book, or miscellaneous retailers, food services and drinking places, clothing and clothing accessory stores, and furniture, electronics, and appliance retailers.
- Consumer flows and trade area maps show that Bellevue Collection is a significant draw for both commodity and special retail in Bellevue. In contrast, the Arts District seems to still be in the early adoption phase of an up-and-coming area. Continuing to promote and facilitate development of the Arts District may be an important step to further establishing it as a regional destination in the future.
- In 2022, motor vehicle and parts dealers reported the largest retail surplus per capita, while the general merchandise retailer industry is the only industry to report retail leakage for Bellevue. High levels of retail surplus suggest the City of Bellevue is a retail destination for residents living in the cities included in the regional definition.
- Bellevue’s ability to capture high levels of retail spending may be threatened by desirable specialty retail offerings in surrounding communities such as Downtown Kirkland and Totem Lake.

Perceptions of Bellevue Retail

Through on-the-ground observation and engagement with stakeholders, the project was able to assess subjective perceptions of retail in Bellevue. These perceptions include the following:

- The City of Bellevue benefits immensely due to its central location and proximity to Seattle, however its quality of place, at least in certain districts, may detract from greater potential. This is particularly true for specialty retail. Observations from field research identify an outstanding opportunity to improve the sense of place for retail districts in the Bellevue market.
- Overall, Bellevue residents are somewhat satisfied with retail offerings in Bellevue. In surveys, residents often indicated they were satisfied with grocery, department stores, and auto dealership offerings in the Bellevue market, while restaurants, bars, entertainment, and boutique shop offerings were more often described as unsatisfactory.
- When not shopping in Bellevue, many Bellevue residents prefer to shop in Issaquah or Seattle. Factoria is described as a retail center that is proximal and convenient for many respondents' shopping needs but is also criticized for its lack of diverse retail offerings and outdated aesthetic.
- Vibrant, walkable mixed-use space where residents can live, work, and play are desirable, but difficult to create. Interviews suggest that Bellevue's retail centers require a mix of pure retail and community services, such as childcare or medical services. Since services are not "active uses" in the code, this mix is limited in Bellevue. City regulations also play an important role.
- Interviews also suggest that Bellevue's parking requirements and use requirements can halt development or redevelopment and effectively legislate vacancies. While flexibility can be granted on a case-by-case basis, this may inadvertently create an impression of subjectivity or favoritism.
- Redevelopment of existing spaces can be challenging for Bellevue developers due to restrictions and zoning codes. Interviewees suggest relaxed standards and permitting restrictions to allow desirable development, such as allowing temporary uses like food trucks.
- Interviewees also describe a need to enhance the pedestrian experience and create more authentic, independent retail spaces in Bellevue. This includes a diverse mix of services and active uses, beyond traditional retail stores. Revitalization of shopping districts through mixed-use buildings and collaboration between merchants should be a priority.
- Post development measures to activate vacant ground floor retail space, such as placemaking, programming, allowing short term altered uses, or offering rental assistance for small businesses may be implemented as well to activate ground floor retail.

Key Issues by Industry

Bellevue's diverse retail tenants have different needs. Some of the identified needs include the following:

- Automotive dealerships, which are an important driver of economic activity in Bellevue, are concerned with issues of security and are eager to capitalize on opportunities presented by a blooming EV market. In Bellevue they may also be facing issues due to traffic circulation constraints, land intensification pressure, and the shifting of transportation focus towards green alternatives. To maximize land use efficiency, dealerships may shift to multi-story redevelopments and/or downsize facilities.
- Stakeholders in commercial real estate call out labor shortages and hiring challenges as an essential issue to tackle to ensure success for retailers across sectors.
- Retailers from a variety of spaces, particularly marginalized and multi-cultural groups, identify a pressing need to lower barriers to entry to ensure the sustainability of new retail concepts in the city. These barriers are derived from labor challenges, taxation, and regulation.
- Small, temporary commercial spaces like food trucks can act as incubation space. Allowing and supporting these spaces is an important strategy to support local entrepreneurs and create a pipeline for small, local businesses to open brick and mortar locations.

Bellevue Retail Centers Summaries

Five retail centers were identified for deeper analysis as part of this study. Those include BelRed, Downtown, Main Street, Wilburton, and Newport Hills. Summaries of key findings for each follow.

BelRed

While BelRed demonstrates a high demand for retail and enjoys local residents with healthy incomes, surveys revealed mixed views on satisfaction of BelReds retail offerings. BelRed's challenges include lack of diversity in retail, poor walkability, affordability, traffic/parking issues, and concerns about the unhoused population in the area. BelRed may be able to build upon prevailing demographics in the area, including a high Asian and Hispanic presence, as well as young, affluent singles who support experiential retail or entertainment offerings. Further, introducing cultural amenities and supporting performance arts may aid transition of BelRed into a vibrant Arts District.

Downtown

Downtown has a very high population density within a one-mile radius, supporting established high end and specialty retail. While Bellevue residents are generally satisfied with Downtown retail offerings, many call out an opportunity for this district to place a greater emphasis on local shops and note additional potential for a larger format department store or Asian supermarket to succeed here. From a pedestrian perspective, Downtown

presents many challenges, including long block lengths and inactive frontages, and this may be hurting the district’s ability to draw more consumers and foot traffic. Struggles with placemaking may be addressed through urban design strategies to enhance the identity and character of Downtown “urban villages” in future deliveries.

Main Street

Praised for its walkability and aesthetic, Main Street is one of the more favored retail destinations in Bellevue among local consumers who describe enjoying the aesthetic of the district, walkability, and overall sense of place. Still, there is considerable support to increase boutiques, restaurants, and breweries (in particular) in the future. Main Street has struggled with placemaking, however, current efforts in this space, such as hosting events, and improving pedestrian amenities, are underway. This includes improvements to enhance the connectivity of Main Street with other destinations in the region.

Wilburton

This area, long home to many auto dealerships, is surrounded by some of the highest household incomes in Bellevue. While Wilburton provides a range of commodity goods, it lacks diversity in retail offerings and a district identity as a retail center – in fact, lack of awareness among Bellevue consumers about retail offerings in Wilburton is recognized as one of the center’s challenges. This reflects the smaller localized trade area of Wilburton that primarily captures only the neighborhood surrounding the retail center. Wilburton stands in stark contrast to other districts by providing an overabundance of parking. Local consumers punctuate the need for more local businesses in this space, and less concrete to improve walkability. Auto dealers in Wilburton are experiencing pressure from poor traffic circulation and the city’s general land use intensification.

Newport Hills

While Newport Hills enjoys strong retail sales in electronics and fuel, it suffers from being one of the less favorable retail districts in Bellevue, determined by survey analysis. Local consumers indicate that the shopping center should be re-developed to improve its façade and aesthetic. Walkability and pedestrian safety were also major concerns. Though it is surrounded by low-density single-family development, Newport Hills does not fully capture nearby residents who may be drawn to higher-gravity retail centers in the north. Newport Hills has the potential for re-development, with a focus on improving the face of the center and including mixed-use ground floor retail. In addition, attracting retail that caters to the older, and

more diverse local population can help drive traffic from the immediate neighborhood surrounding the center.

BELLEVUE'S RETAIL SECTOR IN 2023

This section uses quantitative analyses and qualitative assessment of macroeconomic retail trends, Bellevue's retail inventory, retail sales trends, as other performance indicators to characterize the position of Bellevue's retail sector in 2023.

Macroeconomic Retail Trends

Commodity retailers sell the goods and services that are used every day, while specialty retailers sell splurge items (discretionary or luxury goods). There is little to no emotional connection tied to the purchase of a commodity good, while there is an emotional connection to purchases made at specialty retailers, because of the utilization of discretionary income. Because of this, sensory-rich environment is preferred to a more sterile one.

Some retailers operate as both commodity and specialty retailers, as the terms commodity and specialty retail describe shopping behaviors more than a specific retailer or service provider. Experiential retail is a characteristic of specialty retail, and not a unique typology. To truly thrive and survive in the modern retail landscape, retailers and service providers need to identify how they fit into an overall retail ecosystem first, and then develop a marketing and execution strategy that is consistent with their evaluation.

As retail footprints continue to follow an established pattern of shrinking, retail square footage may not ideally be as high as it has been in the past. Furthermore, brick-and-mortar **retail should not be measured by aggregate square feet of retail space, but rather by sales efficiency as measured by sales per square foot of retail space**, and by the ability to drive footfalls.

Artificial Intelligence (AI) and Virtual Reality (VR) are coming into increasingly common use in retail, and they can help consumers gain confidence in purchase decisions. Some of the most common AI uses for retailers include the following:

- **Personalization:** Deliver more personalized experiences to customers by analyzing customer data and personalizing product recommendations and targeting advertising. Retailers are increasingly focused on personalization of the goods and services they sell at scale. An example of personalization-at-scale would be Apple allowing personalization of its devices at the time of sale to suit any given customer's needs.
- **Inventory Management:** Help predicting demand and optimizing inventory, reducing waste.

- **Chatbots and Virtual Assistants:** Provide customer service and support including providing product information and making recommendations.
- **Price Optimization:** Analyze customer data, competitor pricing, and market trends to fine-tune pricing (much as airlines have done for years).

VR stimulates environments for customers. Examples of applications include:

- **Virtual Try-On:** Customers “try on” clothes, shoes and accessories virtually, allowing more informed specialty purchasing decisions through non-brick-and-mortar retail channels.
- **Virtual Store Tours:** Customers can explore a store and its products virtually. While not a substitute for an all-senses immersive in-store experience, this approach may be the next best thing for consumers who cannot travel to a physical store. An extension of a virtual store tour would be a virtual event such as a virtual trunk show.
- **Data Analysis:** Generate data on customer preferences by recording how a consumer “shops” virtually and using that data to improve product mix, merchandising mixes, in-store product placement and marketing approaches.

Brick-and-mortar retail has been significantly impacted by online penetration, particularly in commodity though also, to a lesser extent, in specialty categories. E-commerce sales in 2020 were approximately +40% over 2019 (which was +14% over 2018). That rise equates to 6 years of growth at pre-COVID-19 rates in six months. Specialty retail, especially food and beverage, also made strong headway during COVID-19. The distinct trajectories between commodity and specialty retail give important context for any analysis of retail uses in 2023.

Local and Regional Retail Landscape

This study uses a regional geography to provide a comparative assessment of Bellevue’s demographic and economic characteristics. This regional geography is comprised of east King County cities near Bellevue, and offers a rough approximation of Bellevue’s primary trade area (Bellevue’s capture of both retail inventory and retail sales tax, as a percentage of countywide totals, indicate that the county as a whole is inappropriate for primary trade area comparisons). The cities that comprise the “Eastside Region” for the purposes of this study are given in **Exhibit 1**.

**Exhibit 1. Cities Included in “Eastside Region”
Comparison Geography**

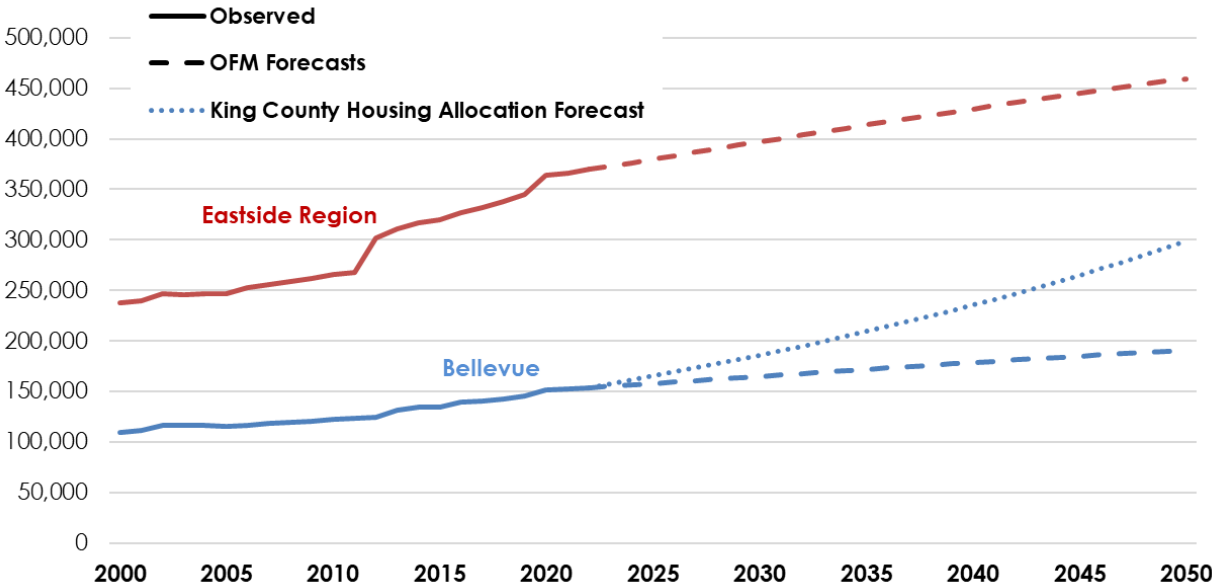
Region
Beaux Arts Village
Bellevue
Clyde Hill
Hunts Point
Kirkland
Medina
Mercer Island
Newcastle
Redmond
Yarrow Point

*Source: Community
Attributes Inc., 2023.*

Population and Demographic Characteristics

Bellevue has grown at a compound annual growth rate (CAGR, or average annual rate) of 1.6% since 2000, compared to a CAGR of 2.0% across the Eastside Region (**Exhibit 2**). Forecasted growth shown in **Exhibit 2** is based on the projected growth rate for King County, as published by the Washington State Office of Financial Management (OFM). If Bellevue’s share of the county population remains constant through 2050, Bellevue’s population would grow by an average annual growth rate of roughly 0.8%. Separate from the OFM forecasts, King County has allocated 35,000 housing units to Bellevue, and the city will be required to plan for this level of growth. Following this assigned housing target, Bellevue’s population would grow at an average annual growth rate of 2.4%. This indicates that to accommodate assigned growth targets from King County, Bellevue will have to grow at a steeper rate than it has since 2000, and that it will take on a greater share of total county population by 2050.

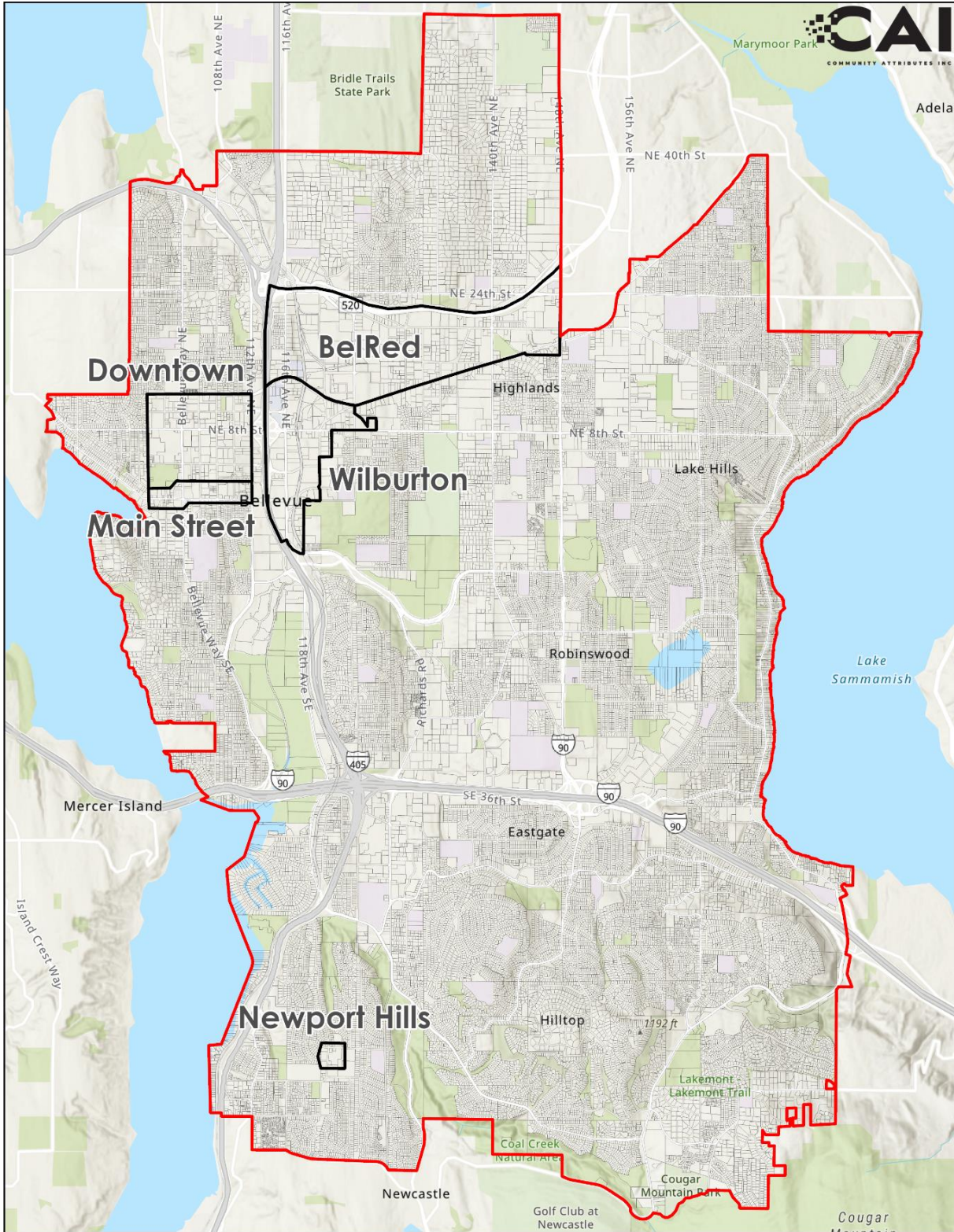
Exhibit 2. Observed and Forecasted Population, Bellevue and Eastside Region, 2000 - 2050



Sources: Washington State Office of Financial Management, 2023; Community Attributes Inc., 2023.

Bellevue’s many retail districts, including locations such as Crossroads, Factoria, or Eastgate, are captured in citywide data and analysis to inform the city's periodic update to its Comprehensive Plan. In addition to these citywide data, five specific retail districts within the city are analyzed separately to understand some of their near-term, unique needs and inform specific changes to adopted policy that are being considered. These include BelRed, Wilburton, Downtown Bellevue, Main Street, and Newport Hills.

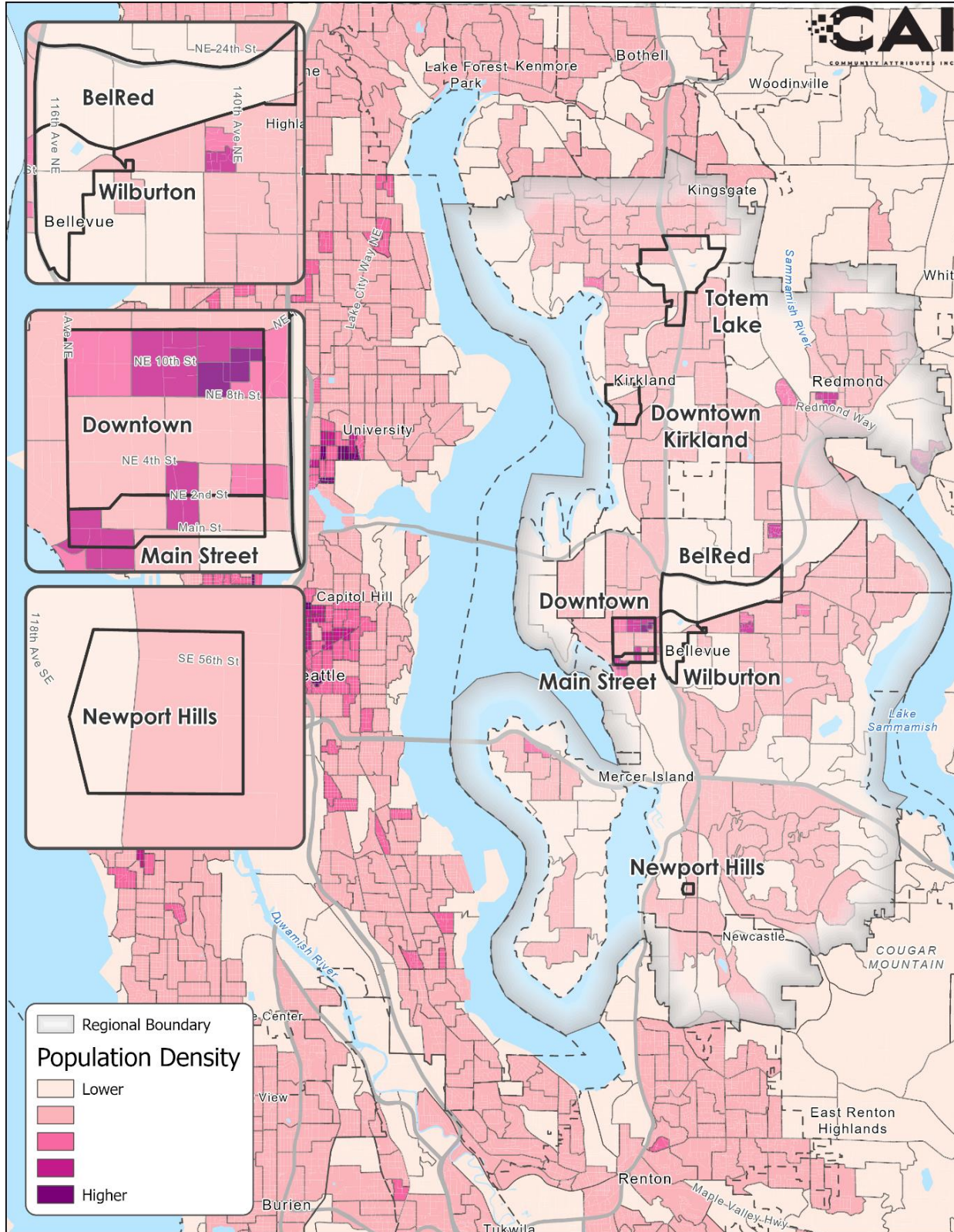
Exhibit 3. Bellevue Retail Districts



Sources: City of Bellevue Open Data Portal, U.S. Census Bureau Geography Division; Community Attributes Inc., 2023.

Exhibit 4 shows population density by gross land area in Bellevue and the Eastside Region in 2021. Of the selected retail districts, Downtown shows the highest population density, with several high population block groups located just north of NE 8th St. Nearby, Main Street hosts some higher density block groups as well. BelRed and Wilburton, on the other hand, show low population density by gross land area.

Exhibit 4. Population Density by Block Group, Bellevue and the Eastside Region, 2021

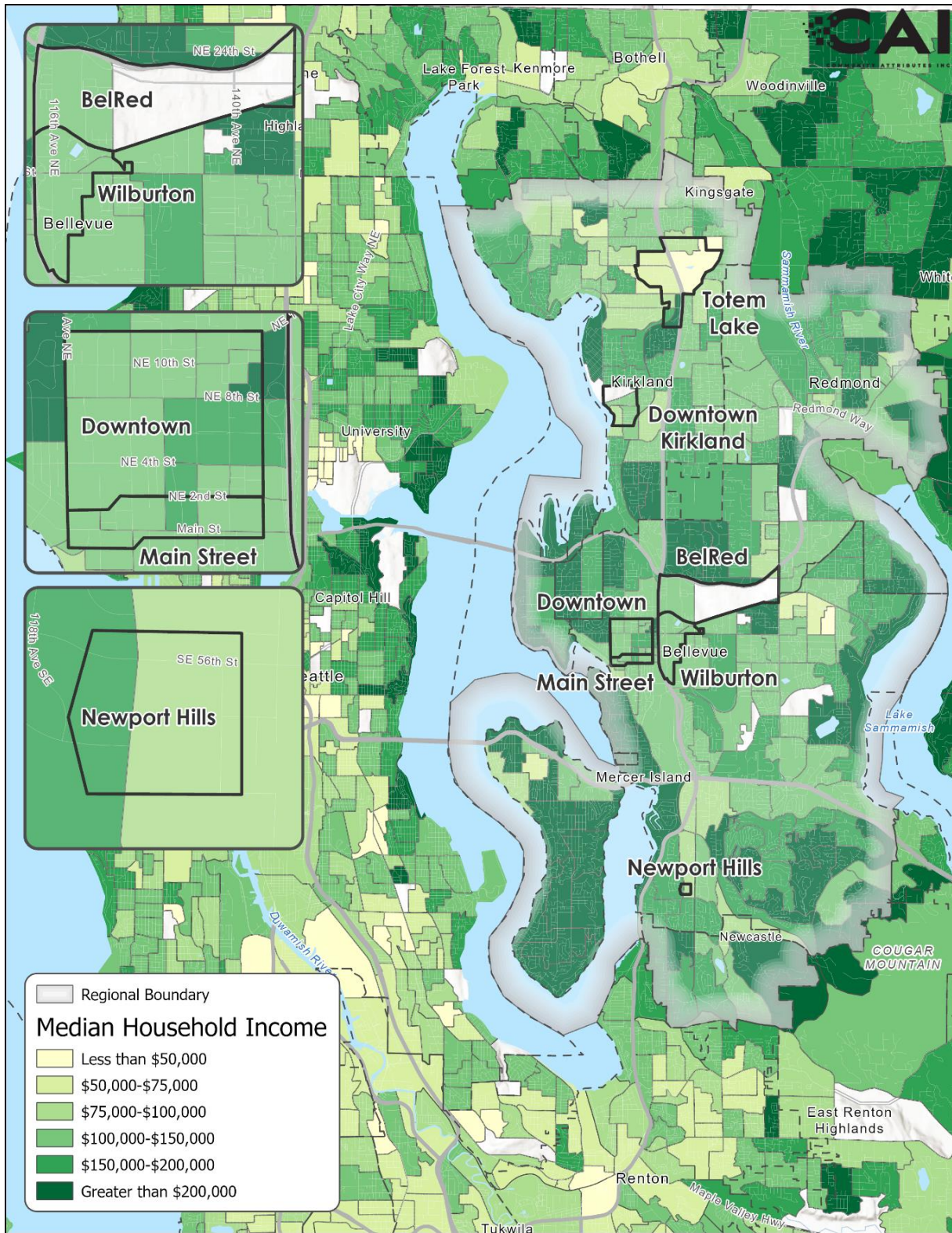


Sources: U.S. Census Bureau ACS 5-Year 2016-2021 Estimates; Community Attributes Inc., 2023.

The median household income for the Eastside Region is approximately \$112,400 annually, while the median household income across the selected retail districts reaches an approximate \$120,600. **Exhibit 5** shows the median household income by block group in Bellevue and the Eastside Region in 2021. Block groups across the selected regional districts tend to show median household incomes falling within the \$75,000-\$100,000 and \$100,000-\$150,000 ranges.

- Downtown and Main Street display the highest median incomes by block group. While many of the remaining selected retail districts show a relatively lower median household income, they also tend to be directly surrounded by high income block groups and neighborhoods.
- For example, the highest earning block group in BelRed shows a median income of \$75,000 to \$100,000 per year. However, block groups abutting the northern edge of BelRed display a median income of higher than \$200,000 annually.
- Similarly, the largest portion of the Newport retail district shows a median income of \$50,000 to \$75,000, but all block groups directly south or east of Newport show a median income of \$100,000 to \$200,000 annually.
- Notably, Totem Lake has a significant area the report the lower two income ranges as well as a portion in the upper range of median household income.

Exhibit 5. Median Household Income by Block Group, Bellevue and the Eastside Region, 2021

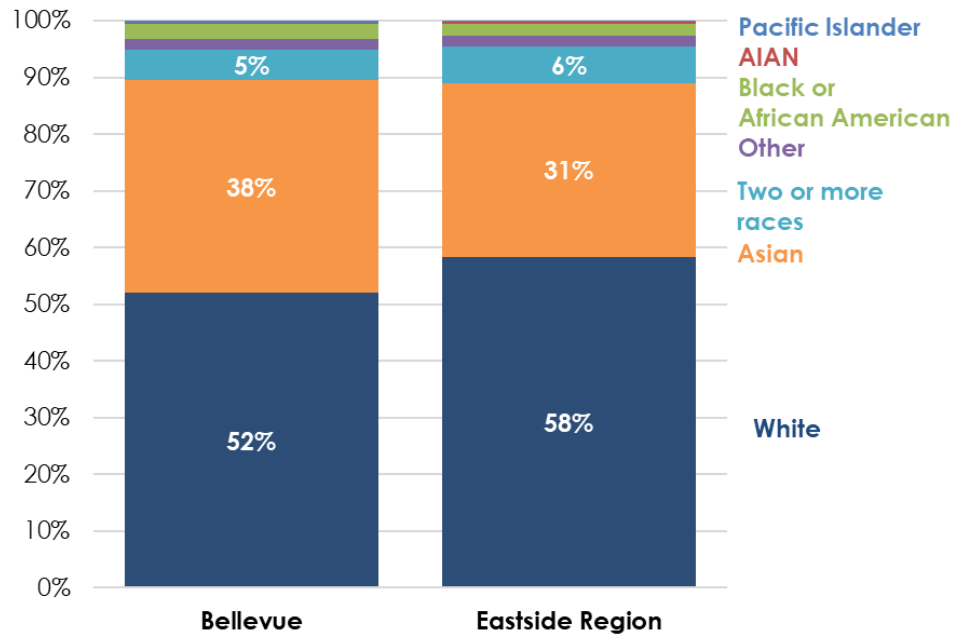


Sources: U.S. Census Bureau ACS 5-Year 2016-2021 Estimates; Community Attributes Inc., 2023.

Exhibit 6 shows the ethnic makeup of the population in Bellevue and the Eastside Region in 2021. Bellevue is slightly more diverse than the whole of the Eastside Region, displaying a larger share of non-white population (48%) compared to the region (42%). In both Bellevue and the Eastside Region, the largest non-white segment of the population identifies as Asian, making up 38% and 31% respectively. Ethnic diversity within Bellevue's community is a key factor contributing to the richness and variety of retail offerings, enhancing Bellevue's reputation as a shopping destination that appeals to a diverse group of visitors. Trends toward increasing diversity continue in Bellevue over time, and data from the 2022 1-year American Community Survey year shows the majority Bellevue's population are people of color.

White and Asian households tend to have higher annual incomes than other racial and ethnic groups. Roughly 43% of all Bellevue households earn more than \$150,000 annually (**Exhibit 7**). Almost half of Asian households earn more than \$150,000 annually. In contrast, Black, Hispanic, and multi-racial households earn less than other groups.

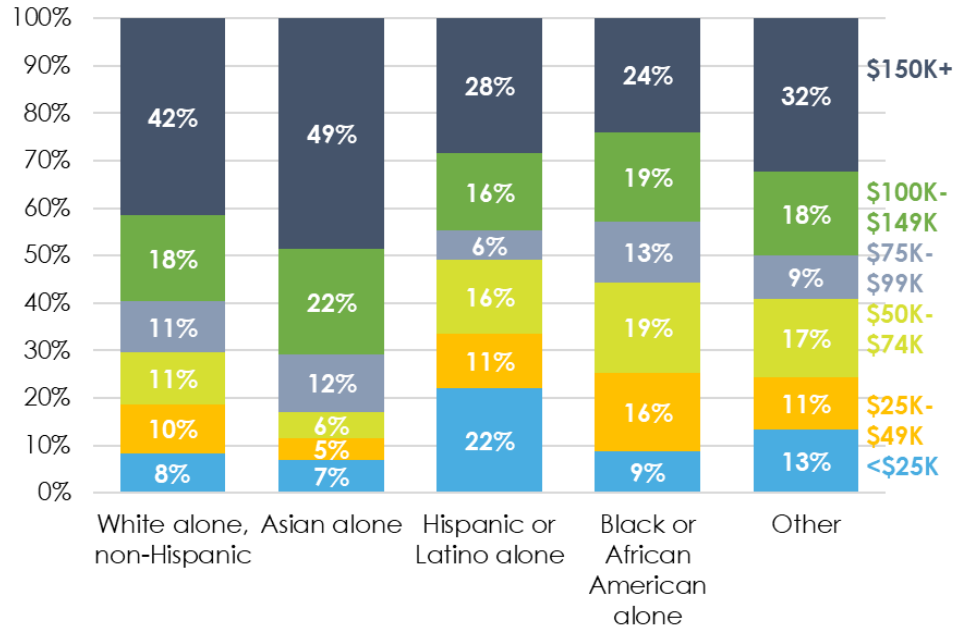
Exhibit 6. Population by Race, Bellevue and Eastside Region, 2021



Sources: U.S. Census Bureau ACS 5-year 2016 – 2021 Estimates; Community Attributes Inc., 2023.

Note: AIAN stands for American Indian or Alaskan Native.

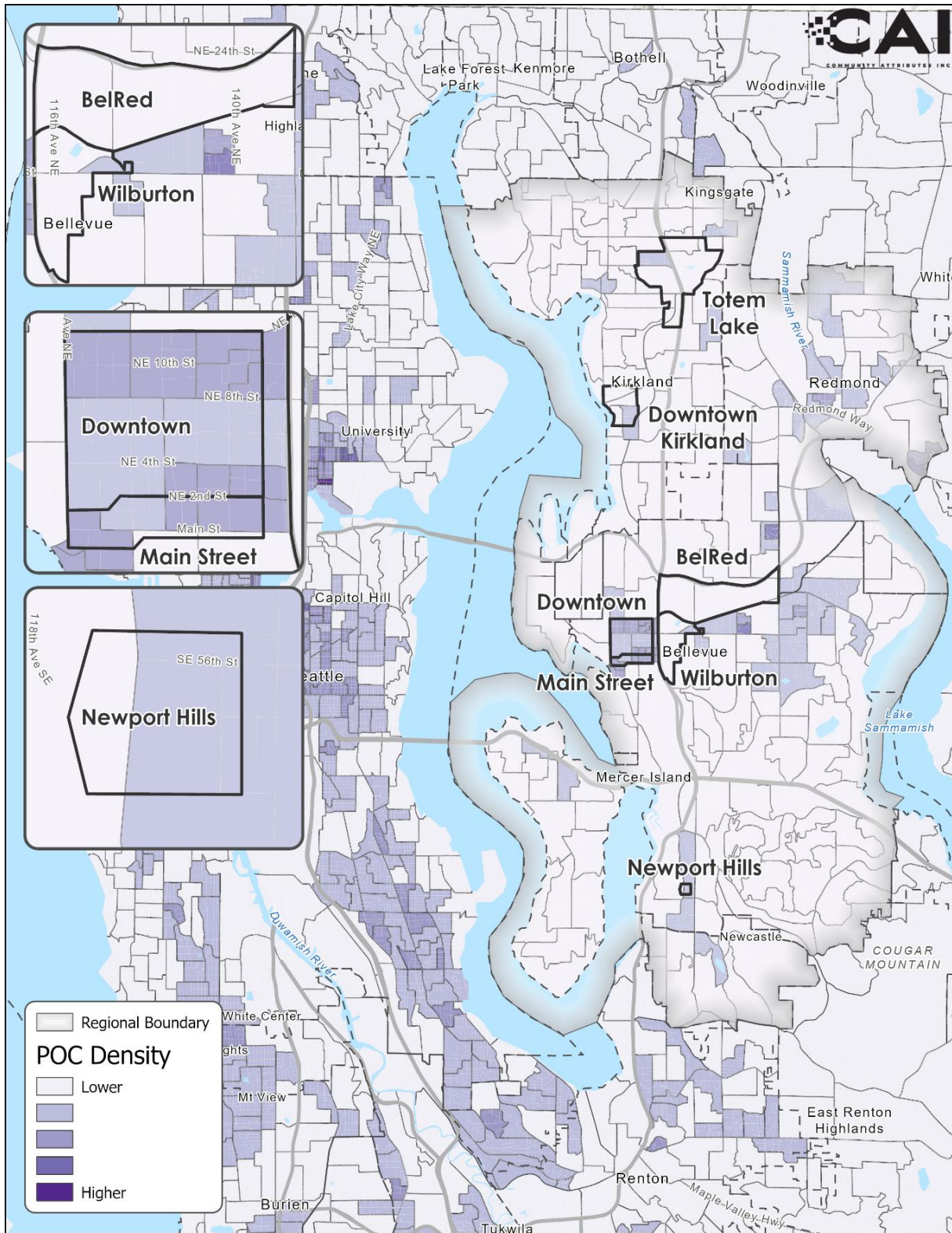
Exhibit 7. Percentage of Household by Median Household Income and Race and Ethnicity, Bellevue, 2020



Source: U.S. Census ACS, 2016-2020; Community Attributes, 2022.

Mapping the density of POC in Bellevue and the greater Eastside Region shows some clustering by block group in 2021 (**Exhibit 8**). Of the selected retail districts, Downtown and Main Street show the greatest density of residents of color. Several block groups to the west of BelRed and Wilburton show higher concentrations of POC residents as well.

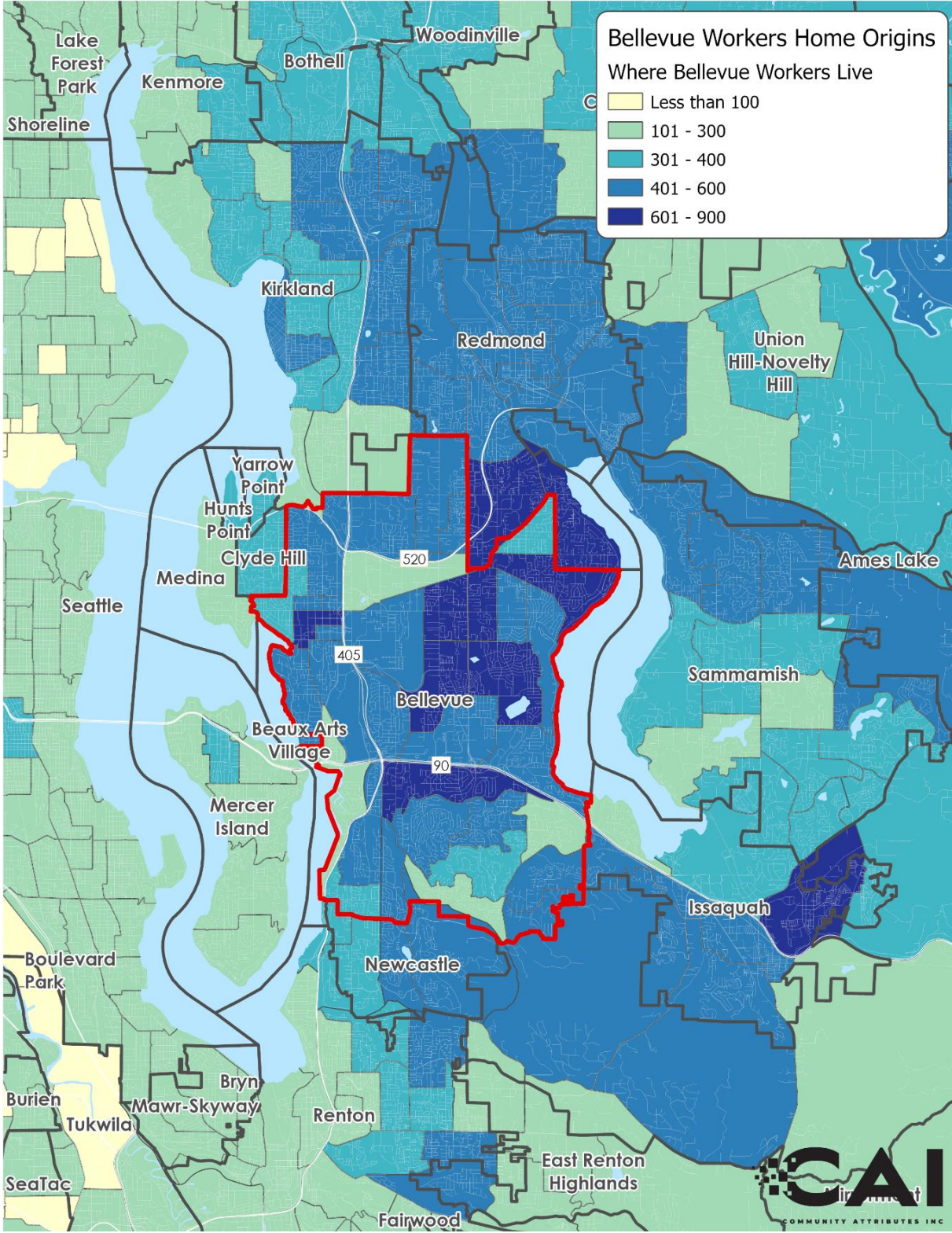
Exhibit 8. People of Color Density by Block Group, Bellevue and the Eastside Region, 2021



Sources: U.S. Census Bureau ACS 5-Year 2016-2021 Estimates; Community Attributes Inc., 2023.

Bellevue's workers commute from all across the central Puget Sound region (**Exhibit 9**). Cities to the east of Lake Washington with block groups displaying some of the most dense groupings of Bellevue workers include Bellevue itself, Redmond and Issaquah.

Exhibit 9. Places of Residence for Workers Employed in Bellevue by Census Tracts, 2020



Sources: U.S. Census Bureau LEHD, 2020; Community Attributes Inc., 2023.

Overall, the residences of Bellevue’s workers are widespread across the Eastside Region. **Exhibit 10** shows that only 11% of Bellevue jobs are held by Bellevue residents while a significant 18% of Bellevue jobs are held by commuters from Seattle. A combined 13% of Bellevue’s workers live in either Kirkland, Renton, or Redmond, and the remaining 58% of Bellevue’s workers come from other various locations across Central Puget Sound and beyond.

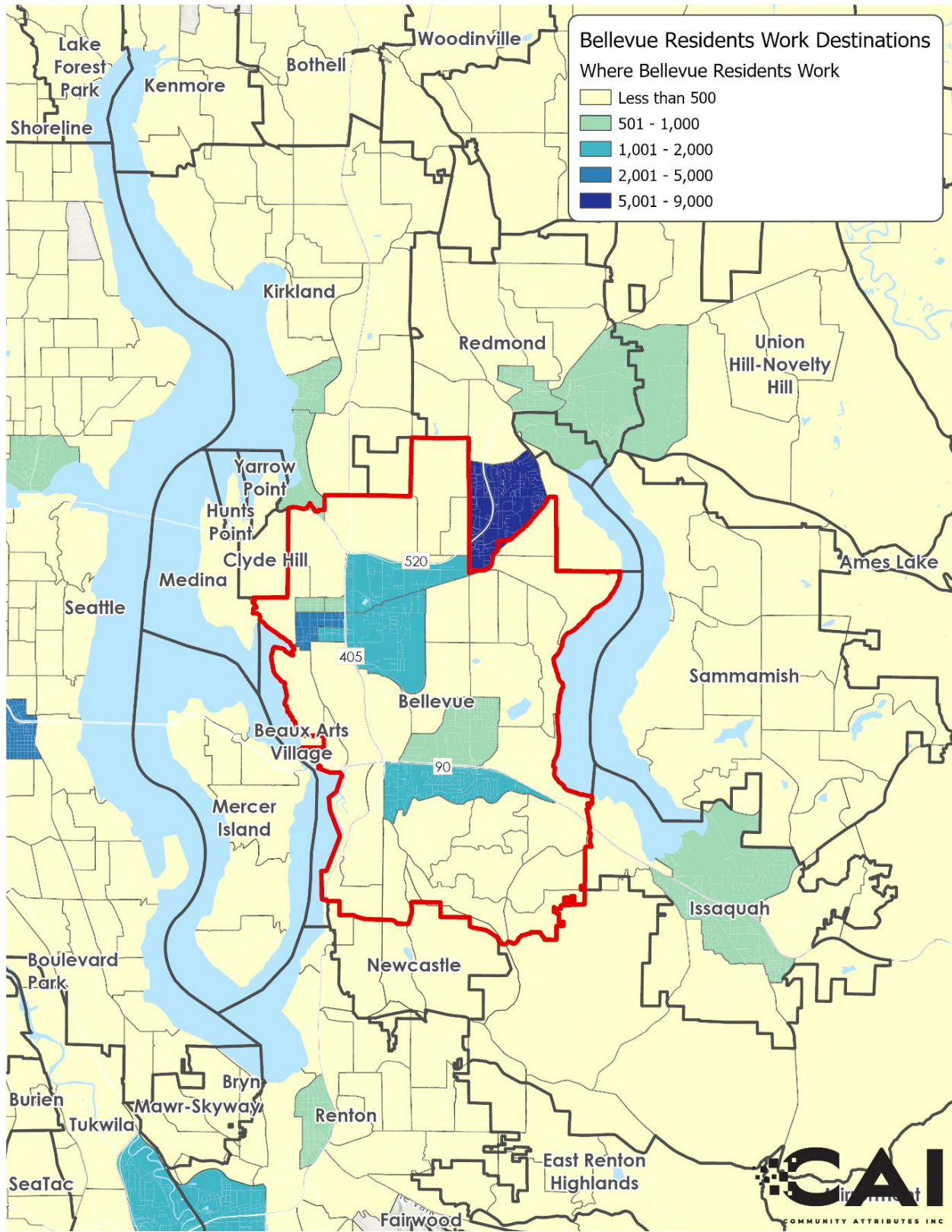
**Exhibit 10. Places of Residence for
Workers Employed in Bellevue, 2020**

City	Inflow
Seattle	18%
Bellevue	11%
Kirkland	5%
Renton	4%
Redmond	4%
<i>All Other Locations</i>	<i>58%</i>

*Sources: U.S. Census Bureau
LEHD, 2020; Community
Attributes Inc., 2023.*

The residences of workers whose jobs are based in Bellevue and the workplace destinations of Bellevue residents follow similar geographic patterns. The cities of Seattle, Bellevue, Redmond, Kirkland, and Renton rank in the top five for both destination types. Exhibit 11 shows Bellevue’s residents working in block groups throughout the Eastside Region, including the above-mentioned cities. Some additional blocks with higher populations of Bellevue-based employees are near Issaquah and Tukwila.

Exhibit 11. Workplace Destinations of Bellevue Residents by Census Tracts, 2020



Sources: U.S. Census Bureau LEHD, 2020; Community Attributes Inc., 2023.

The largest share of Bellevue’s employed residents work in Seattle, reaching just over 30%. Another 24% of Bellevue’s employed residents work at jobs in Bellevue itself (**Exhibit 12**).

**Exhibit 12. Workplace Destinations of
Bellevue Residents, 2020**

City	Inflow
Seattle	31%
Bellevue	24%
Redmond	16%
Kirkland	4%
Renton	3%
<i>All Other Locations</i>	<i>22%</i>

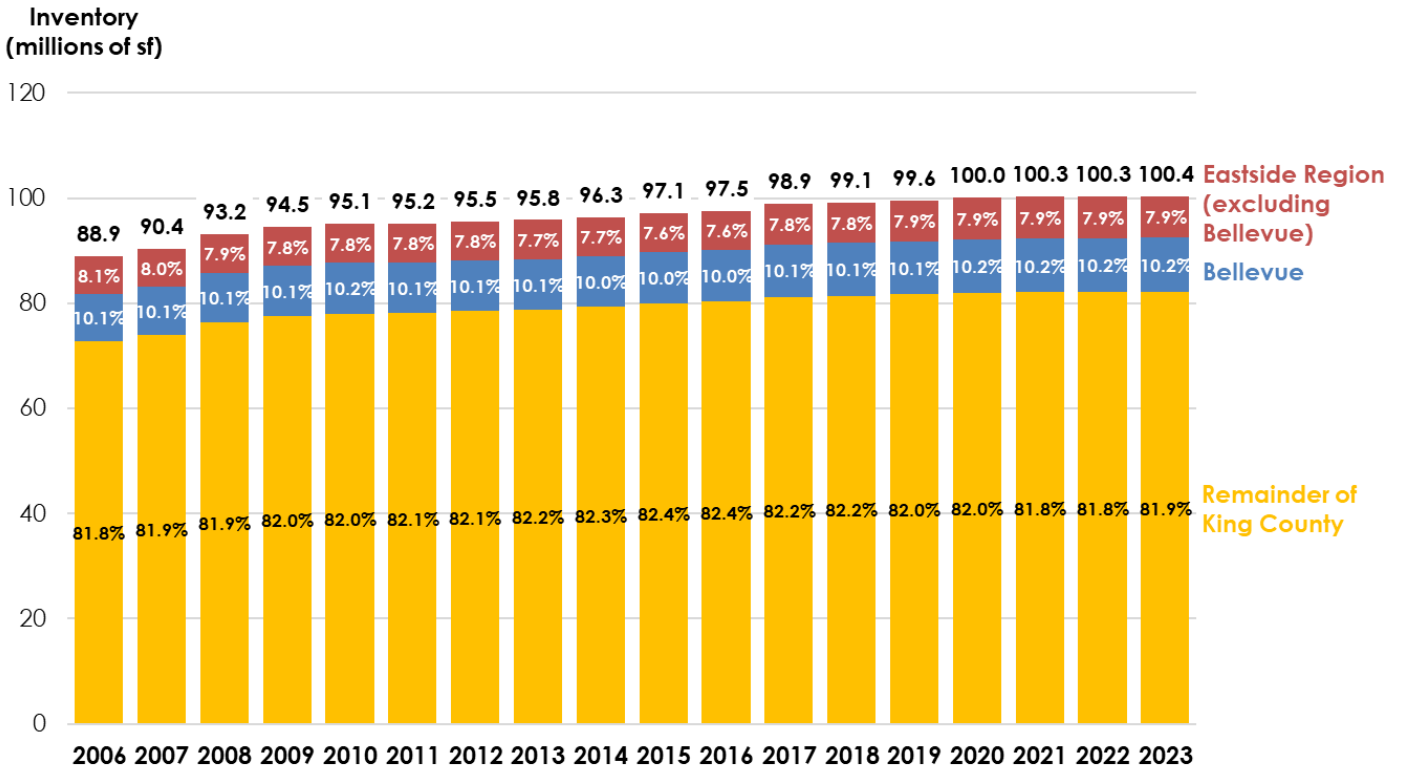
Sources: U.S. Census Bureau
LEHD, 2020; Community Attributes
Inc., 2023.

Retail Uses in Bellevue and the Eastside Region

Regionally¹, total retail inventory has ranged from 16.2 million in 2006 to roughly 18.2 million square feet in 2021, where it has since plateaued. This has represented about 18% of total county inventory during this period. The City of Bellevue’s retail inventory has represented more than half of the defined Eastside regional retail inventory since 2006, or roughly 10% of total county inventory, providing about 10.2 million square feet of retail space in 2023.

¹ The region in this scenario is defined in Exhibit 1, and includes select Eastside cities.

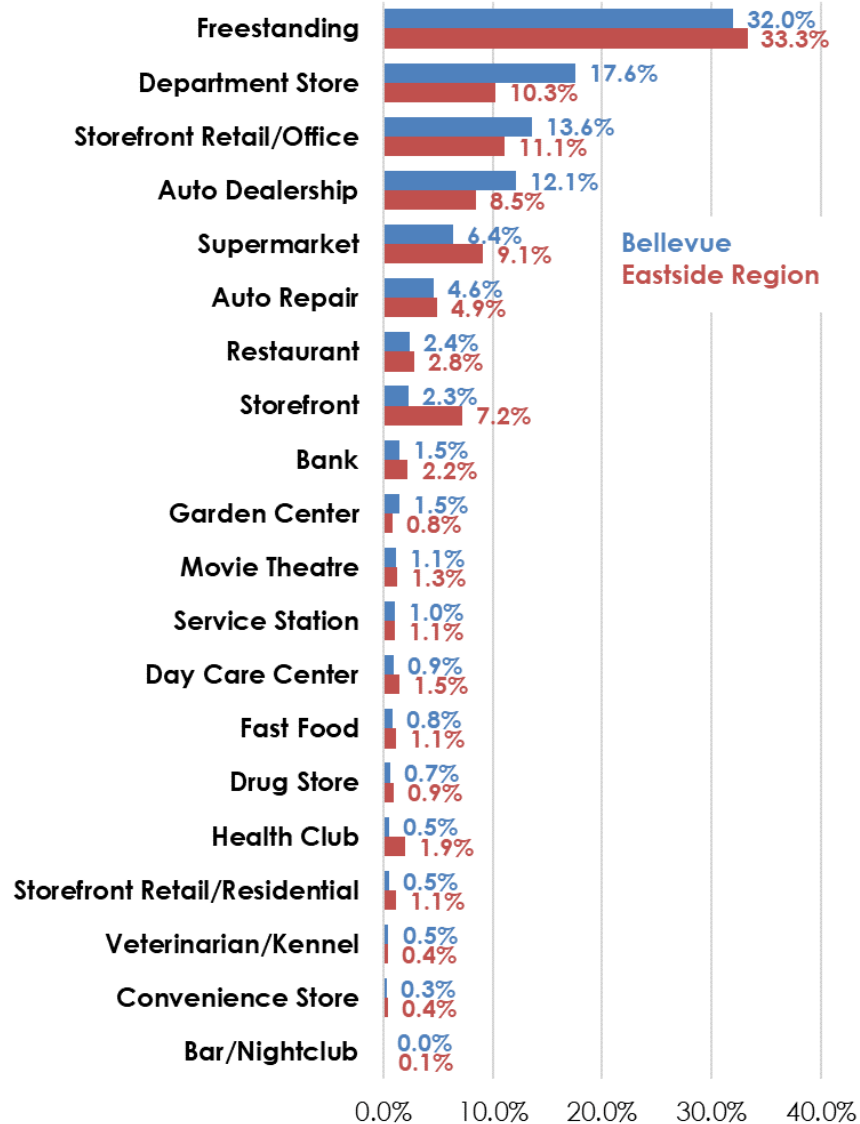
Exhibit 13. Total Retail Inventory, City of Bellevue as a Share of the Eastside Region, 2006-2023



Sources: CoStar, 2023; Community Attributes Inc., 2023.

The largest segment of Bellevue and the Eastside Region’s retail type is designated as freestanding, which typically has a single tenant and is located in a general-purpose commercial retail building that is freestanding with open parking and also may include strip centers (**Exhibit 14**). Strip centers are typically classified under freestanding retail or the supermarket type. Other common examples of freestanding retail include fast-food restaurants and “big box” structures such as Costco. Other common retail types found in Bellevue include department stores (17.6%), storefront retail/office (13.6%), and auto dealerships (12.1%). Definitions for each retail type can be found in **Appendix A**.

Exhibit 14. Retail Inventory by Type, Bellevue and the Eastside Region, 2023

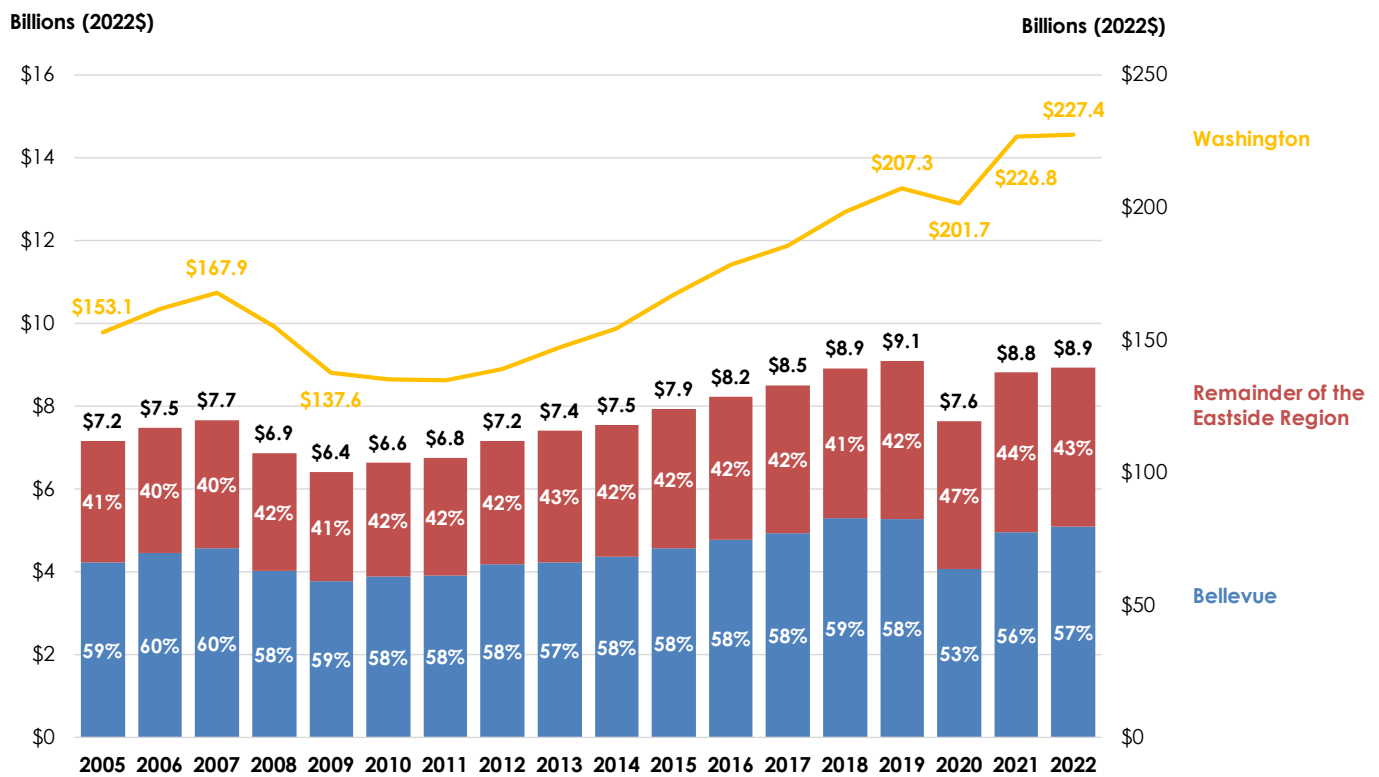


Sources: CoStar, 2023; Community Attributes Inc., 2023.

Each year from 2005-2022, Bellevue makes up a significant majority of the Eastside Region’s annual taxable retail sales (**Exhibit 15**). From 2005 to 2019, total inflation-adjusted taxable retail sales within the Eastside Region increased from roughly \$7 billion to about \$9 billion. The data suggests taxable retail sales in Bellevue and the Eastside Region follow larger economic trends, as they mirror directional trends for taxable retail in Washington State during the same time period. Major drops occur during the Great Recession and during the COVID-19 pandemic. From 2019 to 2020, the Eastside Region’s taxable retail sales dropped from \$9.1 billion to \$7.6 billion, while Bellevue’s taxable retail sales decreased from \$5.3 billion to

\$4.1 billion. However, Bellevue continued to make up a majority of the Eastside Region’s taxable retail sales at 53%. As of 2022, Bellevue’s taxable retail sales represented 57% of the Eastside Region’s taxable retail sales, totaling \$5.1 billion. The Eastside Region’s taxable retail sales increased by a compound annual growth rate of 1.3% over the period, in comparison to 2.4% for Washington State. Taxable retail sales in the City of Bellevue increased at an annual rate of 1.1% over the period, or at a slightly diminished rate than the remainder of the Eastside Region, whose annual taxable retail sales grew by 1.6% annually, on average.

Exhibit 15. Taxable Retail Sales, City of Bellevue as a Share of the Eastside Region, and Washington State, 2005-2022

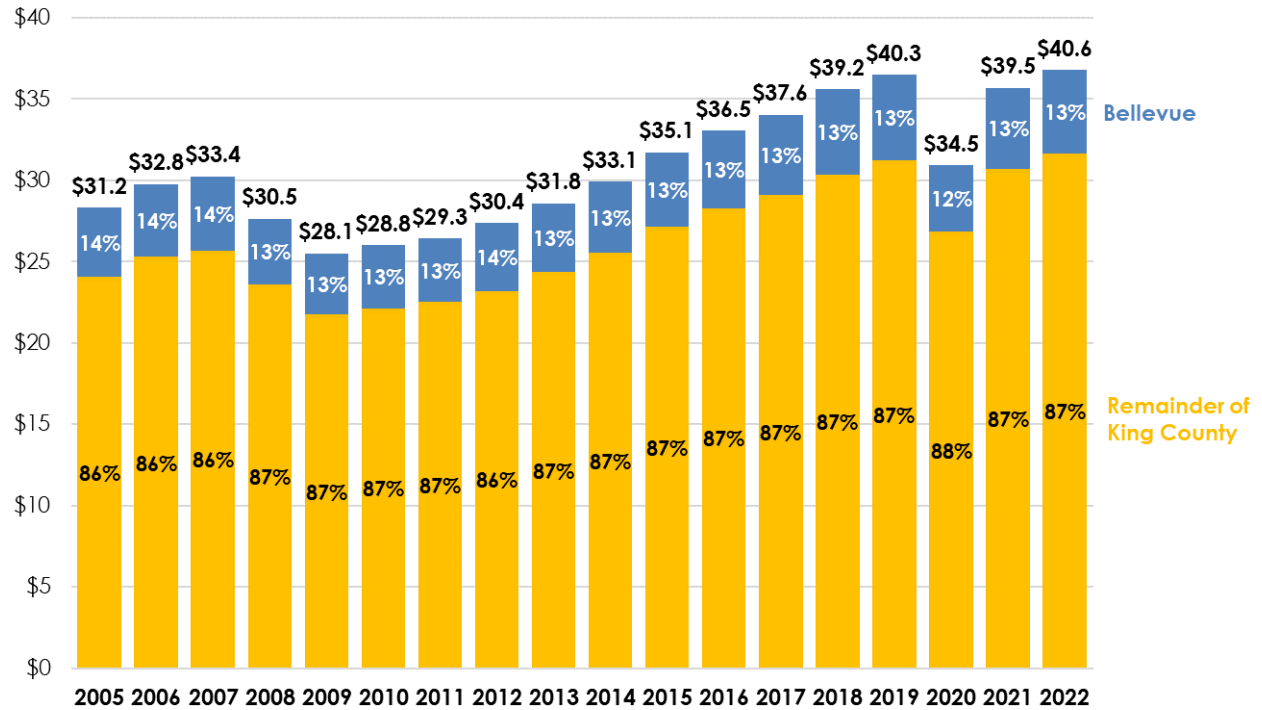


Sources: Washington State Department of Revenue, 2023; Community Attributes Inc., 2023.

Bellevue also makes up an important part of King County’s taxable retail sales. Since 2005, Bellevue has represented between 12-14% of King County’s total taxable retail sales, which totaled \$40 billion in 2022 (**Exhibit 16**).

Exhibit 16. Taxable Retail Sales, City of Bellevue as a Share of King County 2005-2022

Billions (2022\$)



Sources: Washington State Department of Revenue, 2023; Community Attributes Inc., 2023.

Bellevue ranks high on taxable retail sales per capita compared to other cities in King and Snohomish County. Among cities located in King or Snohomish County that reported \$1.5 billion in taxable retail sales or higher, Bellevue had the third highest per capita retail sales in 2021 and 2022 falling behind Tukwila and Lynwood. Kirkland and Redmond were the only other Eastside Region cities matching this criterion and they ranked fifth and sixth, respectively. In 2022, Bellevue’s taxable retail sales per capital of \$33,100 was \$9,000 higher than that of the Eastside Region and \$15,600 higher than that of King County on the whole.

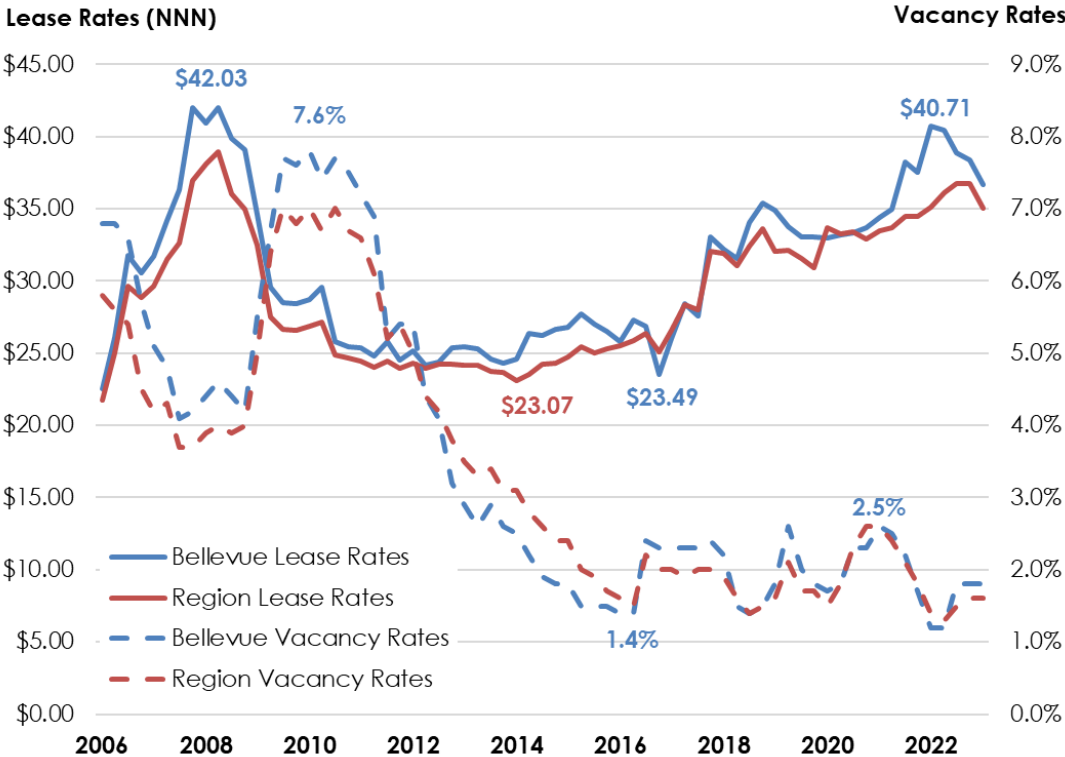
Exhibit 17. Taxable Retail Sales Per Capita, Bellevue, Select Cities with at least \$1.5B TRS, the Eastside Region and King County, 2021-2022

Geography	Per Capita Taxable Retail Sales (2022\$)	
	2021	2022
Tukwila	\$74,300	\$72,800
Lynnwood	\$63,500	\$64,500
Bellevue	\$32,500	\$33,100
Renton	\$22,400	\$22,900
Kirkland	\$20,800	\$20,500
Redmond	\$20,000	\$19,800
Seattle	\$18,100	\$19,000
Everett	\$19,600	\$18,800
Kent	\$12,300	\$11,800
<i>Eastside Region</i>	<i>\$24,100</i>	<i>\$24,100</i>
<i>King County</i>	<i>\$17,300</i>	<i>\$17,500</i>

*Sources: Washington State Department of Revenue, 2023;
Community Attributes Inc., 2023.*

Retail lease rates and vacancy rates have been markedly similar between Bellevue and the region, following similar trends from 2006 to 2022 (**Exhibit 18**). Both lease rates and vacancy rates were volatile in Bellevue and the Eastside Region from 2006 to 2012. After 2012, lease rates have seen a steady increase while vacancy rates sharply decreased, reaching roughly 2% in 2016 and stabilizing with only minor variation through 2022. Meanwhile, average lease rates peaked in Bellevue in 2022 at \$40.71, and since have seen a slight drop.

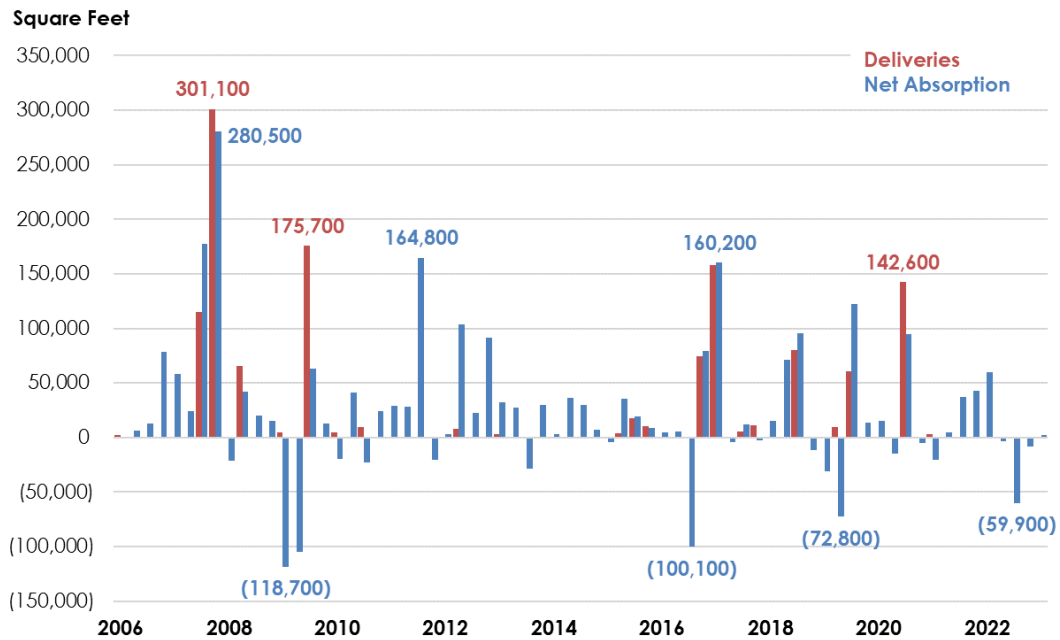
Exhibit 18. Retail Lease and Vacancy Rates, Bellevue and Eastside Region, 2006-2023 YTD



Sources: CoStar, 2023; Community Attributes Inc., 2023.

Net absorption captures the total square feet occupied less the total space vacated in any given quarter. Net absorption for retail space has generally been positive within the city of Bellevue since 2006 and has become steadier in recent years (**Exhibit 19**). In addition, Bellevue has received nearly 1.3 million square feet in retail deliveries since 2006 with nearly 600,000 square feet of that coming since 2016. The steady positive net absorption, especially following heavy retail delivery from 2016 – 2020, indicates consistent demand for retail real estate spaces in the City of Bellevue relative to the supply.

Exhibit 19. Retail Deliveries and Net Absorption, City of Bellevue, 2006-2023 YTD

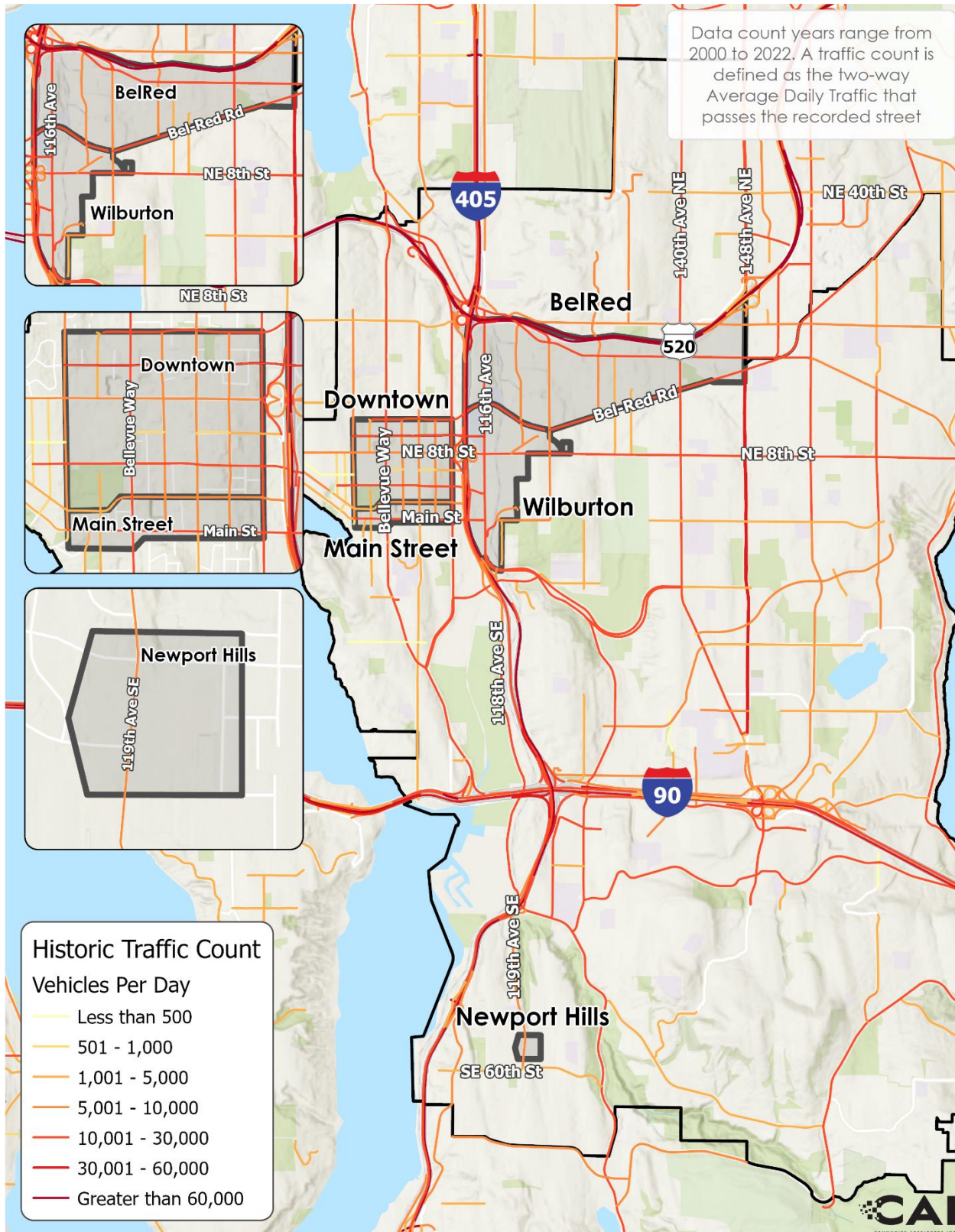


Sources: CoStar, 2023; Community Attributes Inc., 2023.

Traffic Counts and Consumer Traffic Flows

According to the map in **Exhibit 20**, BelRed and Downtown’s busiest road by traffic volume is Bellevue Way. Main Street’s traffic primarily comes from Main St, and Bellevue Way’s traffic cuts through both Downtown and Main Street. The streets 116th Ave and NE 8th St also both contribute to BelRed and Wilburton’s traffic.

Exhibit 20. Bellevue Districts' Traffic Flows



Sources: ESRI Business Analyst 2022, Kalibrate Technologies Q3 2022; Community Attributes Inc., 2023.

Wilburton and BelRed have the highest traffic volume at over one million, possibly due to their proximity to Interstates 520 and 405. Downtown and Main Street’s traffic volume drops into the hundreds of thousands and Newport Hills experiences the least amount of traffic out of the Bellevue districts (**Exhibit 21**).

Exhibit 21. Bellevue Districts’ Most Recent Traffic Counts

District	Most Recent Traffic Count*
Wilburton	1,893,556
BelRed	1,433,985
Downtown	982,933
Main Street	212,958
Newport Hills	5,785

Sources: ESRI Business Analyst 2022, Kalibrate Technologies Q3 2022; Community Attributes Inc., 2023.

**Data count years range from 2000 to 2022. Table represents the sum of traffic counts from the most recent year of available data.*

Consumer traffic flows will be analyzed using placer data for the following identified locations²:

- Bellevue Collection
- Bellevue Square
- Bravern
- Main Street
- Arts District

The trade areas for Bellevue Square and the larger geography of the Bellevue Collection (which consists of Bellevue Square, Lincoln Square, and Bellevue Place) are virtually identical (**Exhibit 23, Exhibit 24**). Bellevue Collection, however, has a higher visitor count per square foot, 10.18 compared to Bellevue Square’s 6.62, and a much longer dwell time, 137 minutes compared to 75 minutes (**Exhibit 22**). These takeaways are consistent with Bellevue

² Consumer traffic flow information for Newport Hills is already contained in the City of Bellevue Comprehensive Plan 2044 Economic Report.

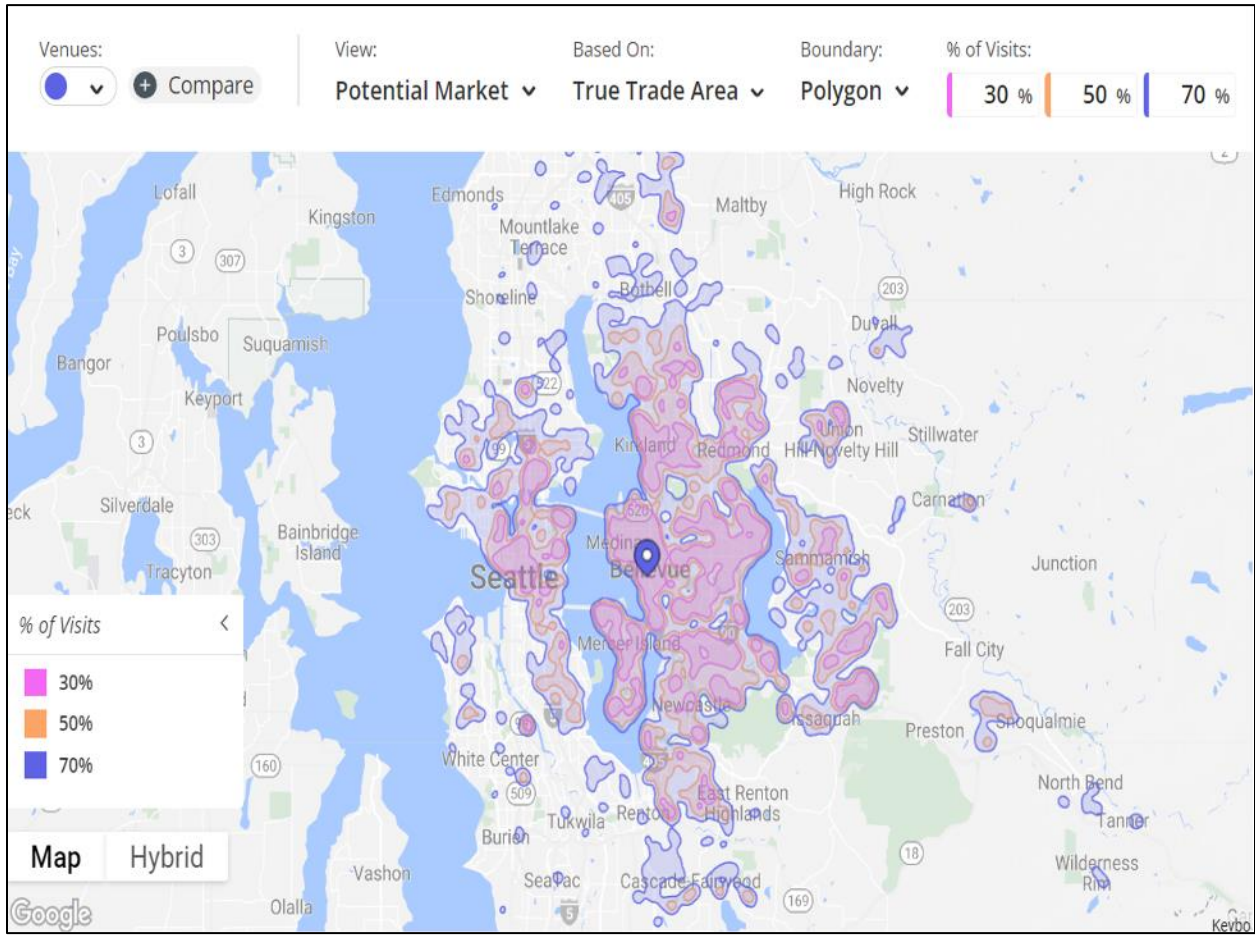
Collection's concentration of entertainment-related uses while Bellevue Square alone acts more as a shopping destination.

Exhibit 22. Visitor Data and Geographies, Bellevue Square and Bellevue Collection, City of Bellevue (2023)

	Bellevue Square	The Bellevue Collection
	575 Bellevue Square, Bellevue, WA 98004	575 Bellevue Square, Bellevue, WA 98004
Visits	8.6M	13.2M
Visits / SF	6.62	10.18
Size (SF)	1.3M (GLA)	1.3M (GLA)
Visitors	2.1M	2.6M
Visit Frequency	4.14	5.01
Avg. Dwell Time	75 Minutes	137 Minutes
Panel Visits	184.5k	299.3K
Visits Y/o/Y	+3%	+6.3%
Visits Y/o/2Y	+49.2%	+70.2%
Visits Y/o/3Y	+24.3%	+15.6%

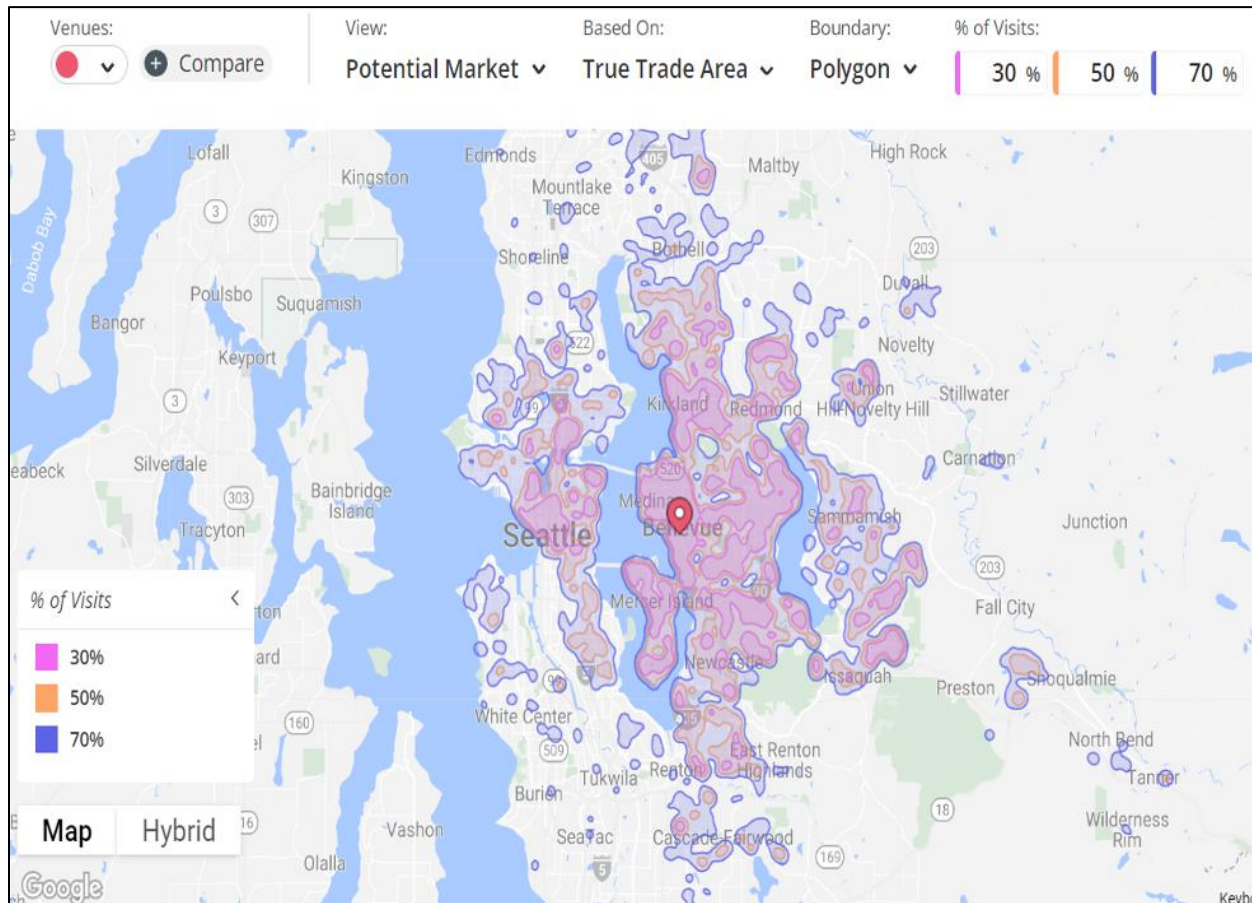
Sources: Placer, 2023; GRES, 2023.

Exhibit 23. Trade Area Map, Bellevue Square, City of Bellevue (2023)



Sources: Placer, 2023; GRES, 2023.

Exhibit 24. Trade Area Map, Bellevue Collection, City of Bellevue (2023)



Sources: Placer, 2023; GRES, 2023.

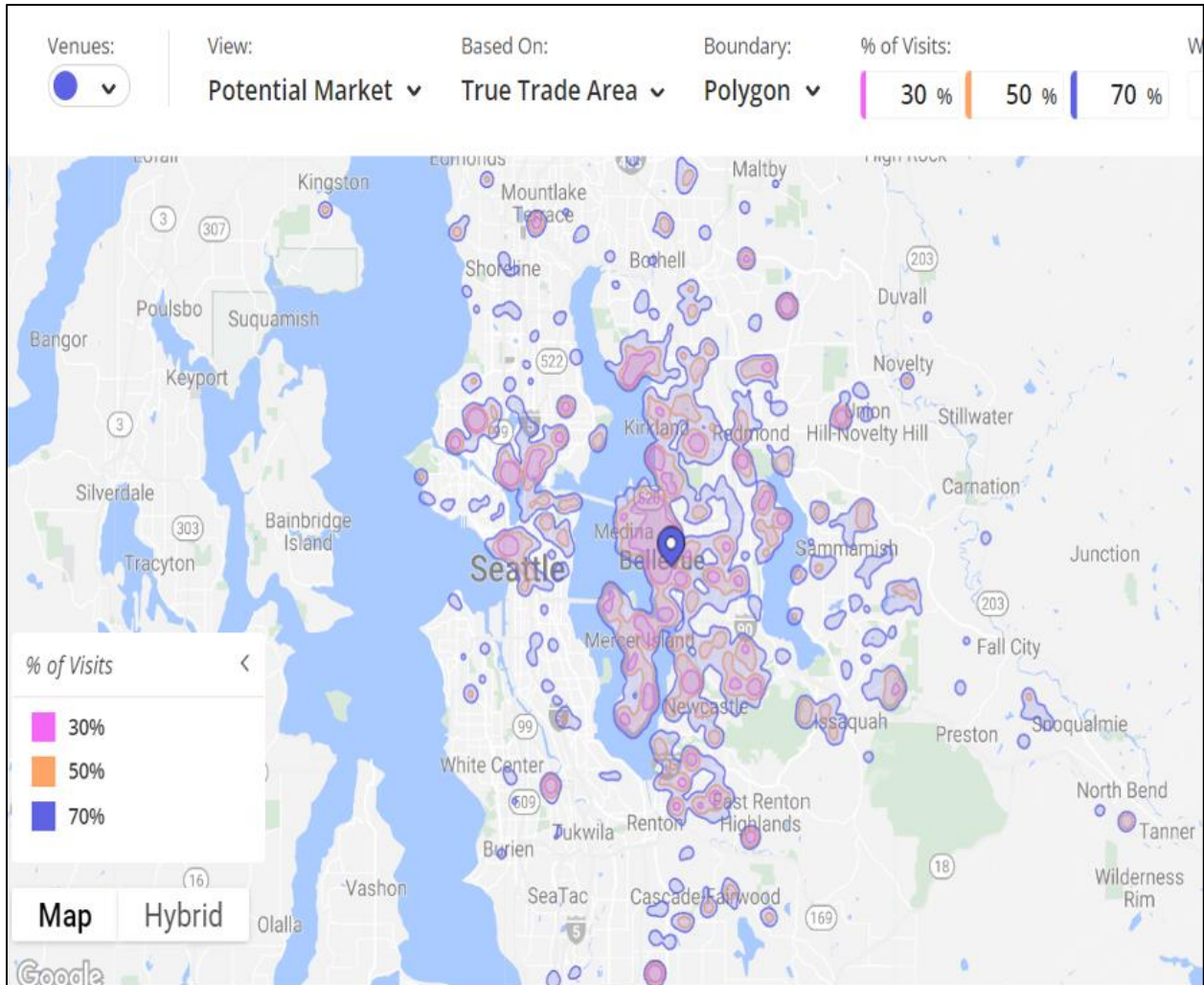
Bravern's trade area is similarly shaped but thinner compared to the previous two (**Exhibit 26**). The visitor counts in Bravern (742K) are also a fraction of what is observed at Bellevue Square (8.6M) and Bellevue Collection (13.2M) (**Exhibit 25**). This would be expected with the types of tenants located in Bravern – often luxury tenants with an emphasis on environment and customer service. Dwell time is higher in Bravern than Bellevue Square but definitely less than observed at Bellevue Collection, which is the more entertainment and food and beverage oriented of the two. The degree of magnitude to which Bellevue Collection outdraws Bravern is significant and suggests Bellevue Collection may enjoy advantage and/or stronger long-term resiliency over Bravern.

Exhibit 25. Visitor Data and Geography, Bravern, City of Bellevue (2023)

The Shops at the Bravern	
555 10th Ave. NE, Bellevue, WA 98004	
Visits	742K
Visits / SF	N/A
Size (SF)	N/A
Visitors	268K
Visit Frequency	2.77
Avg. Dwell Time	103 Minutes
Panel Visits	15.8K
Visits Y/o/Y	-1.8%
Visits Y/o/2Y	+22%
Visits Y/o/3Y	-23.5%

Sources: Placer, 2023; GRES, 2023.

Exhibit 26. Trade Area Map, Bravern, City of Bellevue (2023)



Sources: Placer, 2023; GRES, 2023.

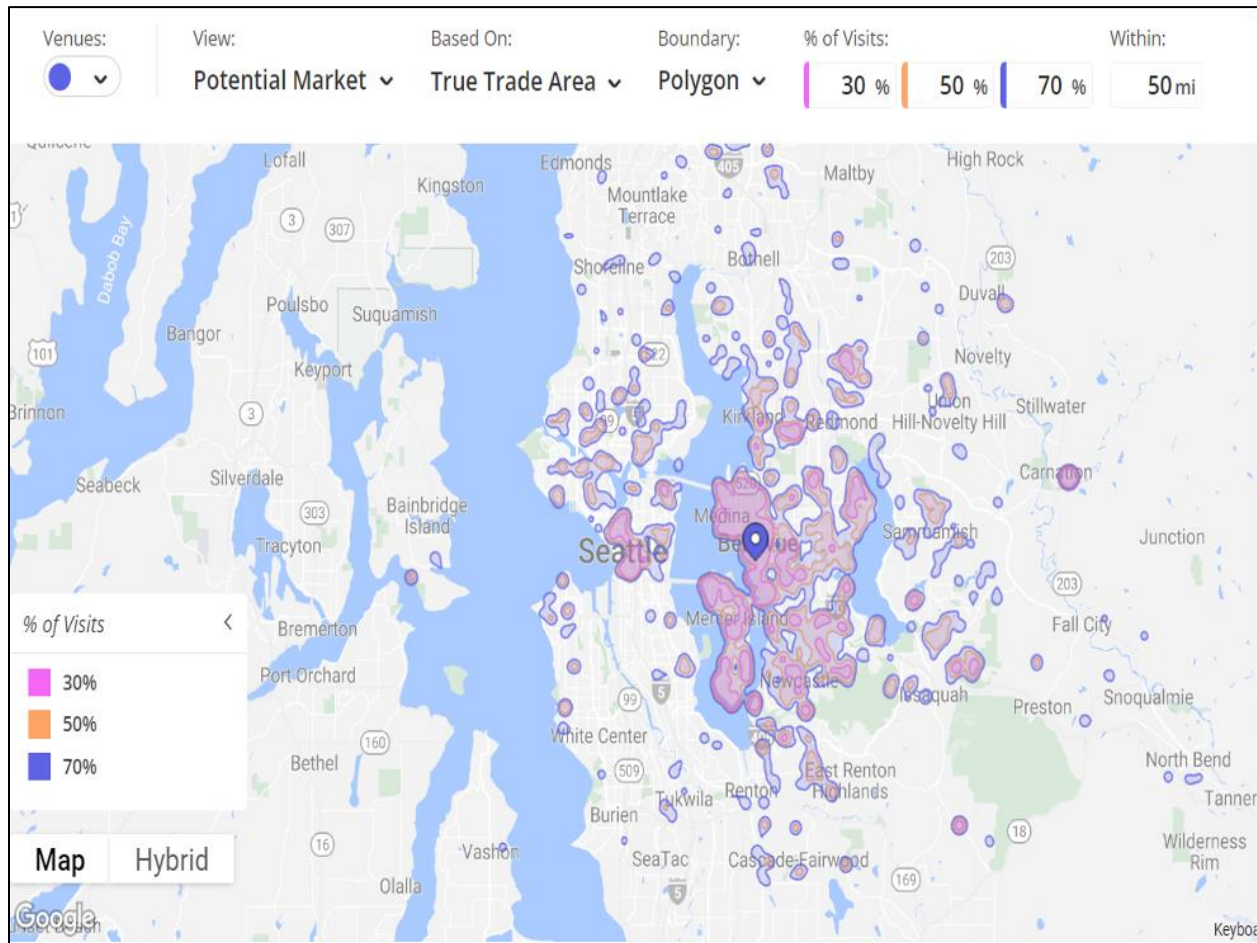
In Main Street, the visitor counts are far less than for the other downtown destinations identified, as would be expected given the type and size of the businesses located in Main Street (**Exhibit 27**). The breadth of the catchment, however, is significantly wide, indicating Main Street's advantage as a local destination (**Exhibit 28**). The 30% catchment seems to indicate that the core customer base hoes closer to Main Street than the 30% catchment for the other downtown regional draws.

Exhibit 27. Visitor Data and Geography, Main Street, City of Bellevue (2023)

Main Street	
10246 Main St., Bellevue, WA 98004	
Visits	166.4K
Visits / SF	N/A
Size (SF)	N/A
Visitors	116.8K
Visit Frequency	1.42
Avg. Dwell Time	66 Minutes
Panel Visits	3.6K
Visits Y/o/Y	+37.2%
Visits Y/o/2Y	+86.6%
Visits Y/o/3Y	+200.3%

Sources: *Placer, 2023; GRES, 2023.*

Exhibit 28. Trade Area Map, Main Street, City of Bellevue (2023)



Sources: Placer, 2023; GRES, 2023.

Lacking a tight collection of arts-related businesses in the Arts District (on the BelRed Corridor), this analysis was forced to pull data from individual businesses in the area and analyze them together as a proxy. Three businesses in the Arts District are identified, including:

- Arthur Murray Dance
- Mox Boarding House
- Pacific Northwest Ballet

For each business in the Arts District, the trade areas much more closely hue to the local market, often with small pockets of customers (**Exhibit 30, Exhibit 32, Exhibit 34**). The trade area maps indicate that the Arts District is not currently pulling a regional draw - rather it is likely still in the early adoption phase of an up-and-coming area. Continuing to promote and facilitate development of this district may be an important step to further

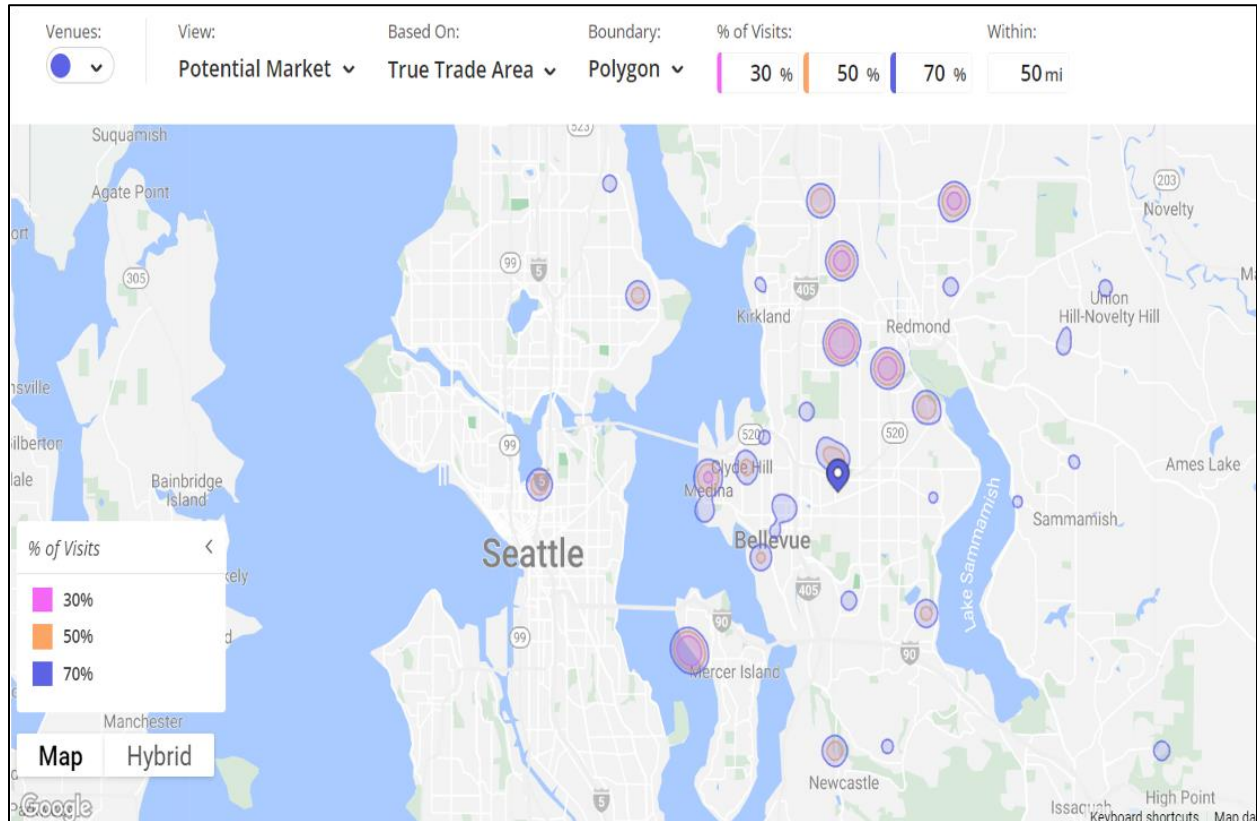
establishing the Arts District as a regional destination in the future. The area benefits from being on the gravity end of the trade area and from a strong network of arterials and freeways in the District's vicinity.

Exhibit 29. Visitor Data and Geography, Arthur Murray Dance, Arts District, City of Bellevue (2023)

Arts District: Arthur Murray Dance	
13208 NE 20th St. Ste. 300, Bellevue, WA 98005	
Visits	18.3K
Visits / SF	N/A
Size (SF)	N/A
Visitors	4.1K
Visit Frequency	4.42
Avg. Dwell Time	95 Minutes
Panel Visits	369
Visits Y/o/Y	-34.4%
Visits Y/o/2Y	+908.7%
Visits Y/o/3Y	-5.6%

Sources: *Placer, 2023; GRES, 2023.*

Exhibit 30. Trade Area Map, Arthur Murray Dance, Arts District, City of Bellevue (2023)



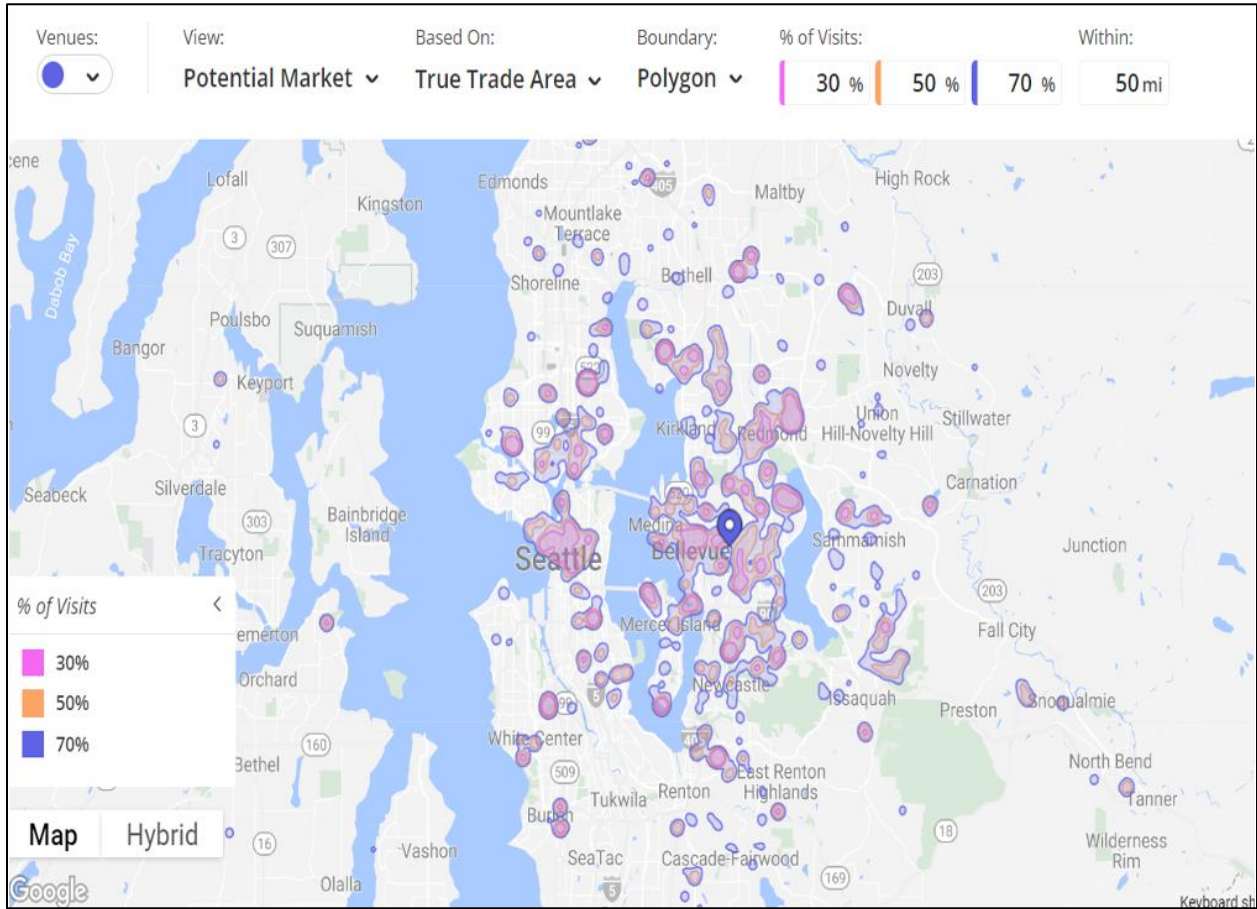
Sources: Placer, 2023; GRES, 2023.

Exhibit 31. Visitor Data and Geography, Mox Boarding House, Arts District, City of Bellevue (2023)

Arts District: Mox Boarding House	
13310 Bel Red Rd., Bellevue, WA 98005	
Visits	252.4K
Visits / SF	N/A
Size (SF)	N/A
Visitors	106.9K
Visit Frequency	2.36
Avg. Dwell Time	138 Minutes
Panel Visits	4.4K
Visits Y/o/Y	+34.8%
Visits Y/o/2Y	+293.1%
Visits Y/o/3Y	+39.1%

Sources: Placer, 2023; GRES, 2023.

Exhibit 32. Trade Area Map, Mox Boarding House, Arts District, City of Bellevue (2023)



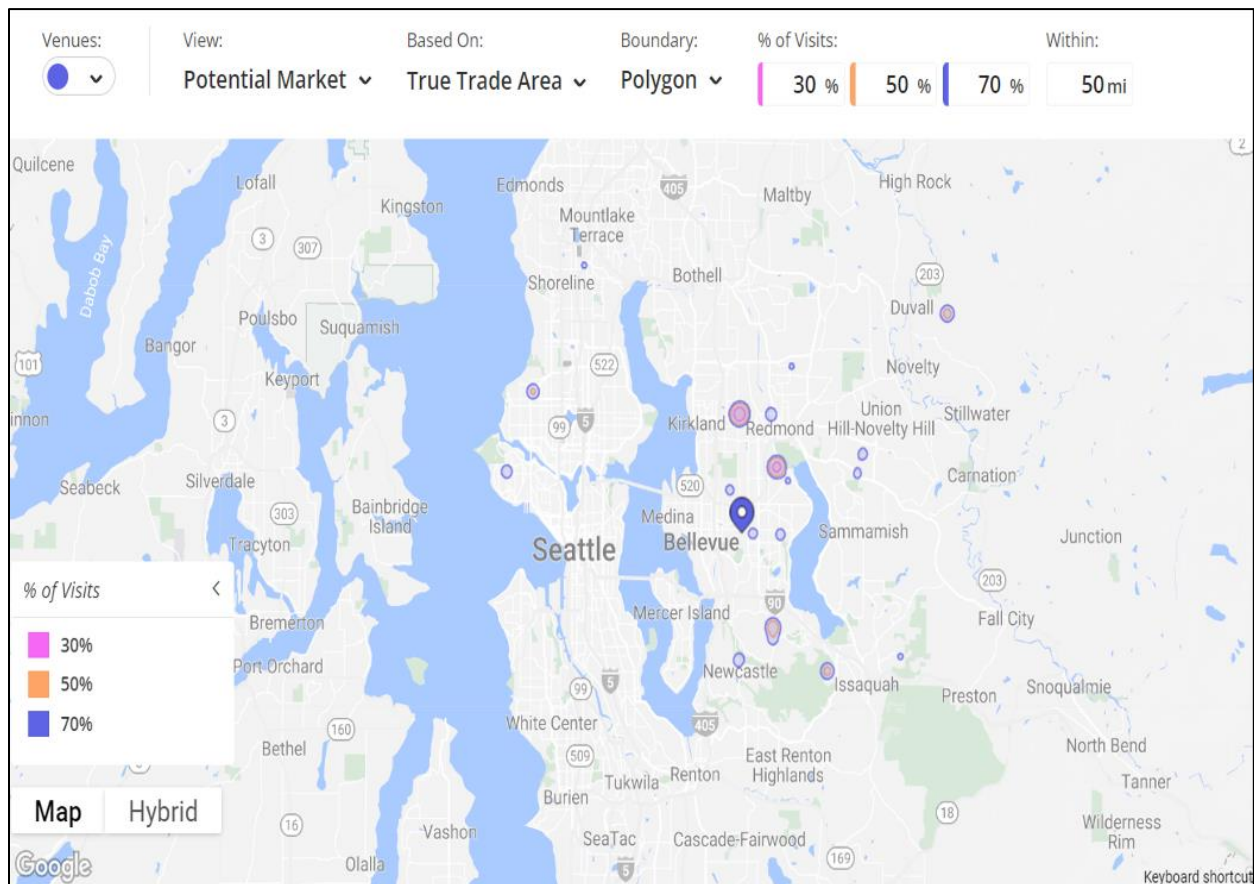
Sources: Placer, 2023; GRES, 2023.

Exhibit 33. Visitor Data and Geography, Pacific Northwest Ballet, Arts District, City of Bellevue (2023)

Arts District: Pacific Northwest Ballet	
1611 136th Pl. NE, Bellevue, WA 98005	
Visits	22.9K
Visits / SF	N/A
Size (SF)	N/A
Visitors	2.8K
Visit Frequency	8.17
Avg. Dwell Time	111 Minutes
Panel Visits	471
Visits Y/o/Y	-7.8%
Visits Y/o/2Y	+154.2%
Visits Y/o/3Y	-37.6%

Sources: Placer, 2023; GRES, 2023.

Exhibit 34. Trade Area Map, Mox Boarding House, Arts District, City of Bellevue (2023)



Sources: Placer, 2023; GRES, 2023.

Subjective Experiences of Regional Retail Centers

As part of this analysis, a recognized expert in retail real estate visited Bellevue and other retail districts across the central Puget Sound region to assess the subjective experience of patronizing these districts. Findings from this “field work” are summarized below.

The City of Bellevue benefits immensely due to its central location and proximity to Seattle, however its quality of place, at least in certain districts, may detract from greater potential. This is particularly true for specialty retail, as Bellevue’s location and transportation infrastructure put it in a strong position for commodity retail, and indeed, the latter appears to be thriving in the Bellevue region.

Although the Downtown Bellevue district is a much larger area compared to the downtown areas of Kirkland and Redmond, and each of these areas are at varying stages of development and scale, it can be useful to compare sense of a lack of “place” or “community” in certain Bellevue retail districts, including in the Downtown district. The Spring District in BelRed presents a more walkable pattern of development, but does not appear to be consistently or effectively activated, and retail vacancies persist. From a pedestrian perspective, Downtown presents many challenges, including long block lengths and inactive frontages, and this may be hurting the district’s ability to draw more consumers and foot traffic. Other retail-oriented redevelopment in the region offers compelling alternatives to retail offerings in Bellevue, including in Downtown Kirkland, Totem Lake, and Downtown Redmond.

Automotive dealerships, which are an important driver of economic activity in Bellevue and the surrounding region, may be experiencing some potential loss of revenue due to traffic circulation constraints. Due to the nature of the large footprint of auto dealership lots, land use intensification focus may be putting these dealerships at risk, potentially forcing them to downsize or even relocate. To maximize land use efficiency, dealerships may shift to multi-story redevelopments and/or downsizing before relocating entirely, since location is a massively important factor, and relocating entirely can be a huge risk. As transportation focus shifts away from gas powered auto and more towards public transit and other alternatives, dealerships may find themselves focusing on electric vehicles, downsizing their in-person inventory, and reducing their lot footprint, all efforts which may also encourage development of those green-friendly transit options.

Totem Lake, at a district level, is a good comparison to certain Bellevue retail districts, due to similar characteristics – specifically, there are a lot of auto dealerships and related retail in that area. Through infrastructure assistance

from the City, intentional programming, and design work, Totem Lake has captured a unique sense of place.

In contrast, there is a general lack of quality retail in Newport Hills, primarily because notable retailers to the north are already drawing customers from the Newport Hills region. Geographically the area may be too insulated to attempt further single-use, ground-up retail development, but the surrounding residential uses present an opportunity. Recently, new retail space has come in the form of ground-floor bays in mixed-use (predominantly residential) buildings, where design constraints are limiting the attractiveness to quality retail tenants. More thoughtful design of these mixed-use buildings that require ground-floor retail could make these spaces more attractive to potential retail tenants. Specific recommendations for improving attractiveness and utility of ground-floor retail are provided in the Additional Considerations for Retail Strategy section of the Synthesis and Key Findings.

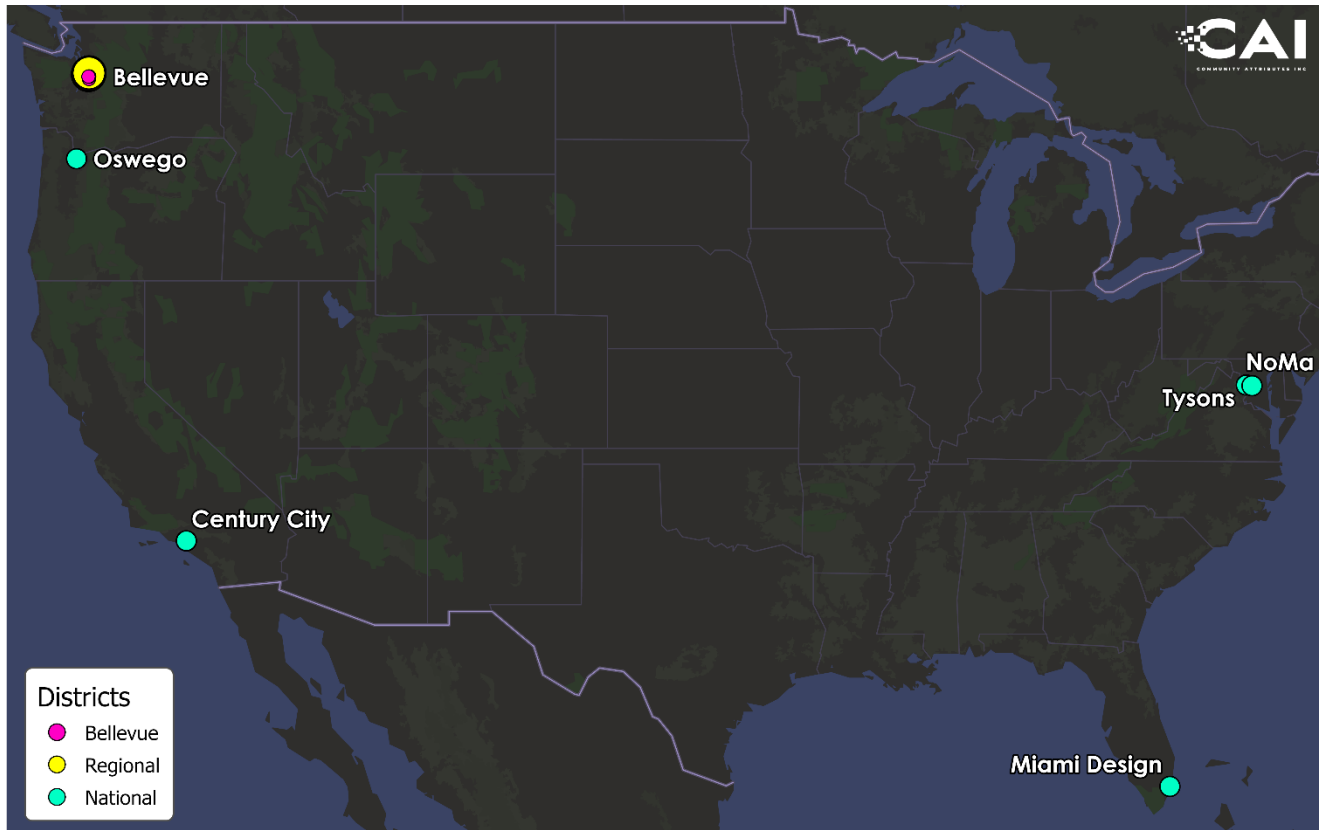
Key Findings

- Both lease and vacancy rates in Bellevue and the region were nearly identical between 2006 and 2022, during which lease rates incrementally increased as vacancy rates gradually declined.
- Bellevue's 2022 per capita taxable retail sales were higher than that of the Eastside Region, and grew incrementally in the years leading up to the COVID-19 pandemic.
- The City of Bellevue has experienced generally positive net absorption between 2006 and YTD 2023, and has delivered nearly 600,000 square feet of retail space since 2016.
- Observations from field research identify an outstanding opportunity to improve the sense of place for retail districts in the Bellevue market.

COMPARATIVE PERSPECTIVES ON BELLEVUE’S RETAIL DISTRICTS

This section presents cross-comparable profiles of retail districts within Bellevue, as identified in previous sections of this report, as well as profiles of regional and national comparators. The comparison districts were selected based on several factors, including their use in other Bellevue planning and policy documents, the degree to which to offer comparable or competitive retail experiences, demographic and economic similarities, and Bellevue’s aspirations for individual retail centers. This section also includes case studies from several locations to better understand how other jurisdictions have experienced and responded to retail-related challenges. All local, regional, and national districts selected for comparison are identified in the maps in **Exhibit 3535** and **Exhibit 3636**.

Exhibit 36. Selected National Retail Districts, 2023



Sources: U.S. Census Bureau Geography Division; Community Attributes Inc., 2023.

BELRED

Bellevue Retail District, 2023

Overview

BelRed, a corridor situated along Bel-Red Rd. between Downtown Bellevue and Redmond, is a rapidly transitioning industrial area that is seeing significant redevelopment. Interest from technology firms, such as Meta, as well as regional investments in light rail service to BelRed, has spurred catalytic development projects such as the Spring District, which envisions 5.3 million square feet of office, retail, and residential uses at buildout. This district is also home to a cluster of auto dealerships and a community of creative businesses that form the BelRed Arts District.

The BelRed District, which has a population density quotient of 2,378 residents per square mile, is a relatively affluent region (Median Household Income of \$131,000) with a predominantly middle-aged population (Median age of 39.5 years), comprising a high concentration of Asian residents (57%).

Key Map



Sources: King County Open Data Portal, 2023; Community Attributes Inc., 2023.

Key Metrics



#1 ESRI Household Tapestry

Metro Renters (12,461)

Description	Median Income
Mobile, Educated, & Urban	\$67,000

Spends on...
Leisure activities, Organic Foods, & Restaurants



#3 ESRI Household Tapestry

Enterprising Professionals (3,390)

Description	Median Income
Educated STEM workers with families	\$86,000

Spends on...
Technology, Travel, & Casual Dining



#2 ESRI Household Tapestry

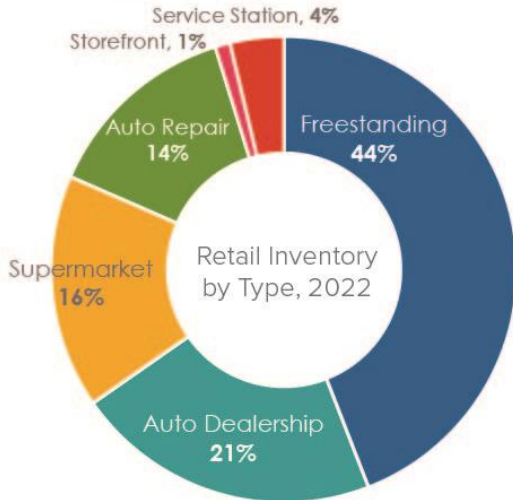
Top Tier (2,807)

Description	Median Income
Wealthy, Educated, & Successful	\$173,200

Spends on...
High-End Retail, Travel, The Arts, Luxury Cars, & Services

Sources: ESRI Tapestry Segmentation Data 2022; Community Attributes Inc., 2023.

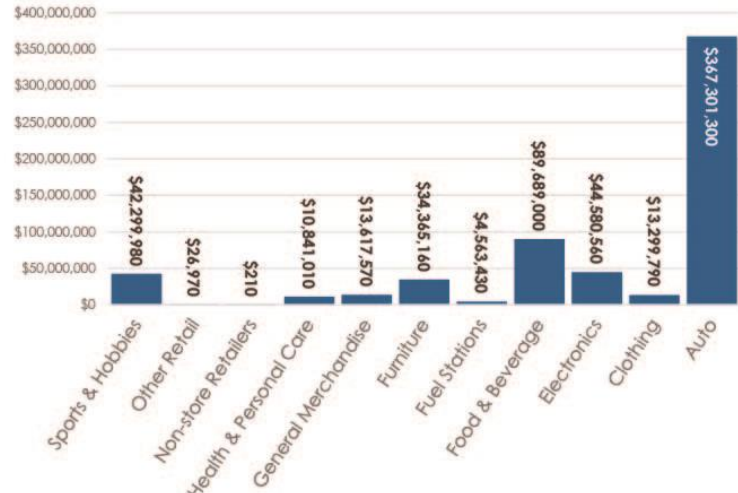
BELRED



Sources: CoStar, 2022; Community Attributes Inc., 2023.

Bellevue Retail District, 2023

2022 Retail Sales by Sector (NAICS 44-45)



Sources: ESRI Business Analyst Forecast 2022, Bureau of Labor Statistics Consumer Expenditure Surveys; Community Attributes Inc., 2023.

Market Trends

Retail Delivery and Absorption



The region's retail landscape is mainly covered by freestanding retail (44%) and auto dealerships (21%).

Since 2006, BelRed has seen consistent net absorption. During this period, BelRed received two deliveries totaling roughly 70,000 square feet of retail inventory, which was promptly absorbed in the quarter following the largest delivery of 61,000 square feet.

Retail Rates and Vacancy



Sources: CoStar, 2022; Community Attributes Inc., 2023.

Retail lease rates have generally increased, reaching a peak of \$31 per square foot in 2022, with slight fluctuations since 2006. BelRed's retail vacancy rates have consistently declined since 2009 and have been below 2.0% since 2019.

Downtown

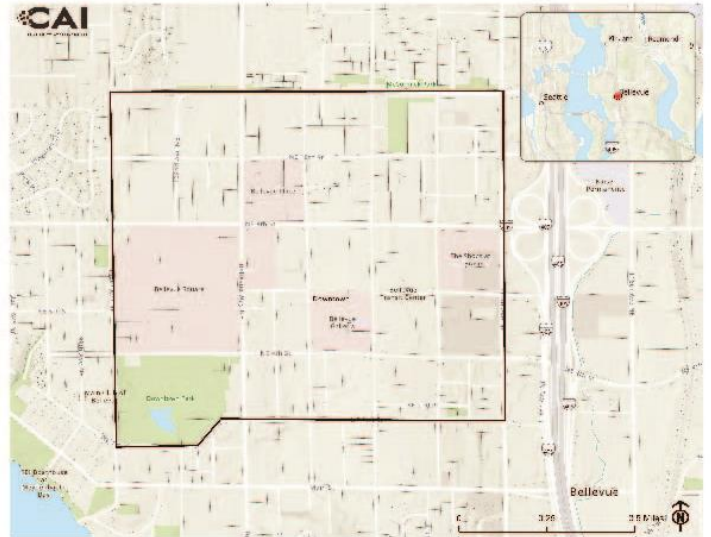
Overview

Downtown Bellevue is a densely populated urban district with a large inventory of retail and office uses. Retail assets in Downtown include The Bravern, Bellevue Square (a Class A regional mall), Lincoln Square, and Bellevue Place, with the latter three comprising The Bellevue Collection. Downtown is bounded on the east by Interstate 405, on the north by NR 12th Street, on the west by 100th Avenue NE, and on the south by NE 2nd Street.

The Downtown district has a population density of 15,750 residents per square mile and represents an affluent region that boasts a median household income of more than \$177,000. The average age of Downtown residents is 36 years of age, and average annual per capita retail expenditures total \$35,000.

Bellevue Retail District, 2023

Key Map



Sources: King County Open Data Portal, 2023; Community Attributes Inc., 2023.

Key Metrics



#1 ESRI Household Tapestry

Metro Renters (9,776)

Description	Median Income
Mobile, Educated, & Urban	\$67,000
Spends on... Leisure activities, Organic Foods, & Restaurants	

Household Demographic Composition by ESRI Tapestries



#2 ESRI Household Tapestry

Top Tier (4,011)

Description	Median Income
Wealthy, Educated, & Successful	\$173,200
Spends on... High-End Retail, Travel, The Arts, Luxury Cars, & Services	

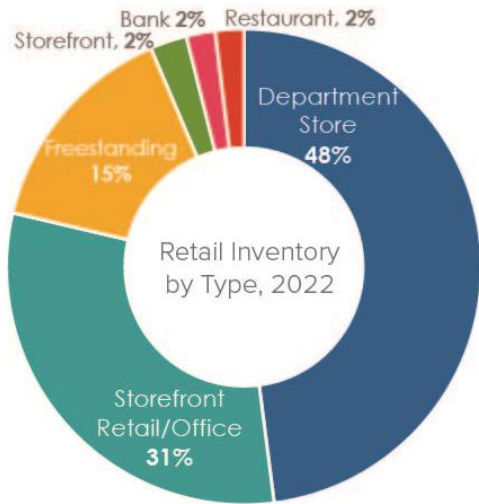


#3 ESRI Household Tapestry

Emerald City (2,343)

Description	Median Income
Young, Mobile, and Connected	\$59,200
Spends on... Fitness, Organic Foods, & Travel	

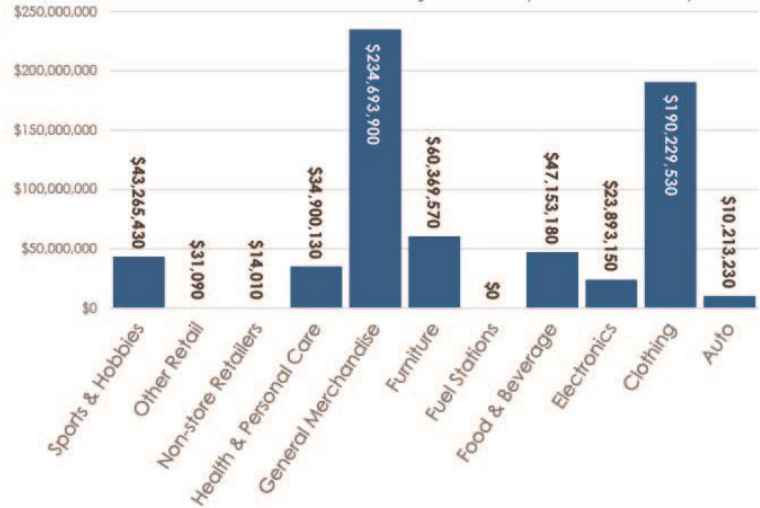
Downtown



Sources: CoStar, 2022; Community Attributes Inc., 2023.

Bellevue Retail District, 2023

2022 Retail Sales by Sector (NAICS 44-45)



Sources: ESRI Business Analyst Forecast 2022, Bureau of Labor Statistics Consumer Expenditure Surveys; Community Attributes Inc., 2023.

Market Trends

Retail Delivery and Absorption



Nearly 80% of all retail space in the district is either freestanding (48%) or storefront retail/office space (31%).

Since 2006, Downtown has experienced three quarters with major deliveries, with the largest coming online in late 2007 (301,000 sf). Absorption since 2006 has been steady and relatively low outside of the periods following a delivery, suggesting Downtown's retail space has remained healthy during this period.

Retail Rates and Vacancy



Sources: CoStar, 2022; Community Attributes Inc., 2023.

Main Street

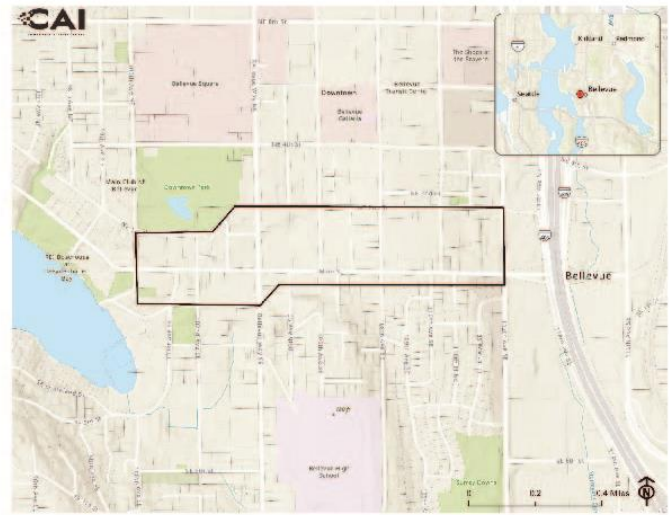
Overview

Main Street is a vibrant district characterized by both standalone retail and ground floor retail in mixed-use, mid-rise buildings, often with residential units above. The Main Street district is adjacent to Downtown Bellevue on its northern boundary, which runs along NE 2nd Street. The varied retail tenants in the district include PetSmart, Office Depot, CVS, and a multitude of small businesses, including a diverse array of both high end and casual restaurants.

Main Street has a population density of 13,800 people per square mile. The median household is nearly \$150,000 and the median age is 36 years. Asians represent the largest demographic group residing in Main Street, totaling 45% of the district's population.

Bellevue Retail District, 2023

Key Map



Sources: King County Open Data Portal, 2023; Community Attributes Inc., 2023.

Key Metrics

13,755
Population Density
(per sq. mile,
1 mile radius)

\$149,340
Median Household Income

\$32,278
Retail Expenditure Per Capita

36.0
Median Age

45%
Asian

2.3%
Black

6.0%
Hispanic



#1 ESRI Household Tapestry
Metro Renters (9,776)

Description	Median Income
Mobile, Educated, & Urban	\$67,000

Spends on...
Leisure activities, Organic Foods, & Restaurants



#2 ESRI Household Tapestry
Top Tier (3,656)

Description	Median Income
Wealthy, Educated, & Successful	\$173,200

Spends on...
High-End Retail, Travel, The Arts, Luxury Cars, & Services



#3 ESRI Household Tapestry
Enterprising Professionals (2,119)

Description	Median Income
Educated STEM workers with families	\$86,000

Spends on...
Technology, Travel, & Casual Dining

Sources: ESRI Tapestry Segmentation Data 2022; Community Attributes Inc., 2023.

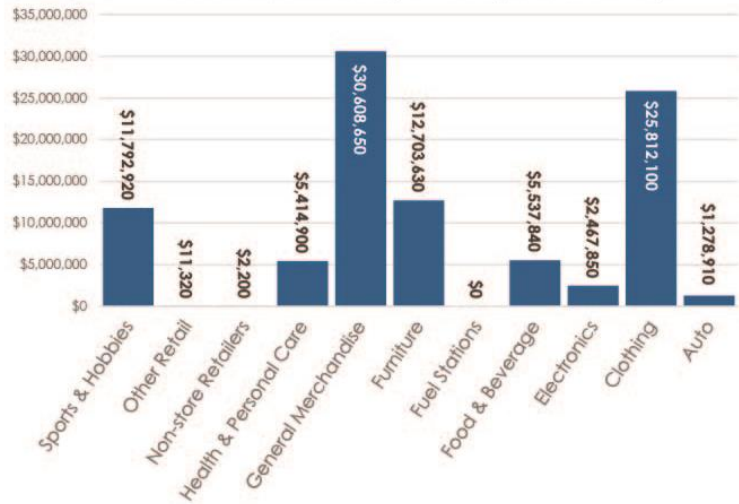
Main Street



Sources: CoStar, 2022; Community Attributes Inc., 2023.

Bellevue Retail District, 2023

2022 Retail Sales by Sector (NAICS 44-45)



Sources: ESRI Business Analyst Forecast 2022, Bureau of Labor Statistics Consumer Expenditure Surveys; Community Attributes Inc., 2023.

Market Trends

Retail Delivery and Absorption



The majority of retail space in the district is freestanding retail, representing more than two-thirds of the district's total inventory.

Main Street has seen no deliveries since 2010, with two small deliveries totaling roughly 11,000 square feet coming from 2006 to 2010. For the most part, absorption was consistent from 2006 to 2019.

In 2019, Main Street saw 77,000 square feet of space vacated, only for 47,000 square feet of space to be occupied or taken offline later that year. Retail lease rates peaked in the first quarter of 2018, recording an average lease rate of \$28.27, lowered between 2019 and 2021, then rebounded in 2022. Vacancy rates initially spiked at the outbreak of the pandemic, then declined below 10% in 2021, and have stayed below 10% since.

Retail Rates and Vacancy



Sources: CoStar, 2022; Community Attributes Inc., 2023.

Wilburton

Overview

The Wilburton district lies just east of Downtown Bellevue, bounded by Interstate 405 on the west and the BelRed district on the north. Like BelRed, it is home to several major auto dealerships, but also features a mix of office uses, as well as other major retailers, such as REI, Target, Home Goods, Best Buy, Trader Joe's, Home Depot, and Uwajimaya.

The Wilburton District has a population density of 8,100 people per square mile and a median household income of \$138,000. The median age is 40 and the district is primarily comprised of Asian residents (45% of the district's residents).

Bellevue Retail District, 2023

Key Map



Sources: King County Open Data Portal, 2023; Community Attributes Inc., 2023.

Key Metrics

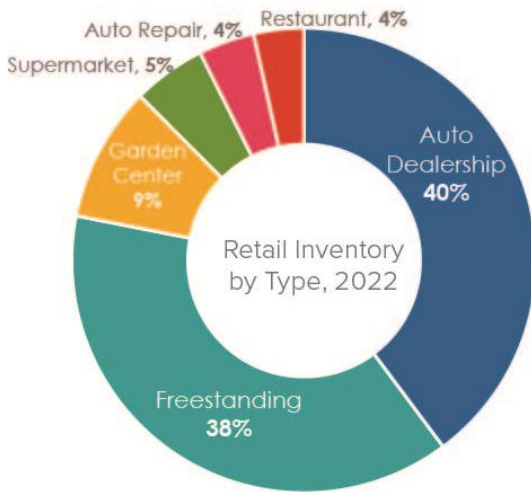


Household Demographic Composition by ESRI Tapestries



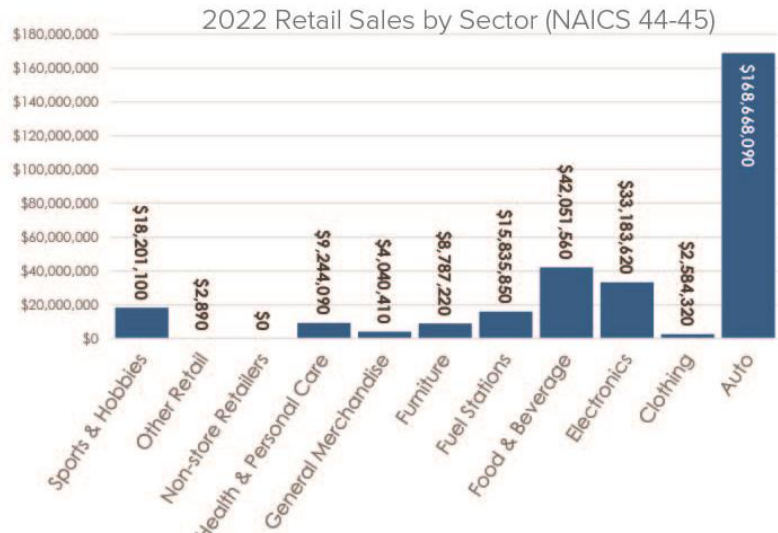
Sources: ESRI Tapestry Segmentation Data 2022; Community Attributes Inc., 2023.

Wilburton



Sources: CoStar, 2022; Community Attributes Inc., 2023.

Bellevue Retail District, 2023



Sources: ESRI Business Analyst Forecast 2022, Bureau of Labor Statistics Consumer Expenditure Surveys; Community Attributes Inc., 2023.

Market Trends

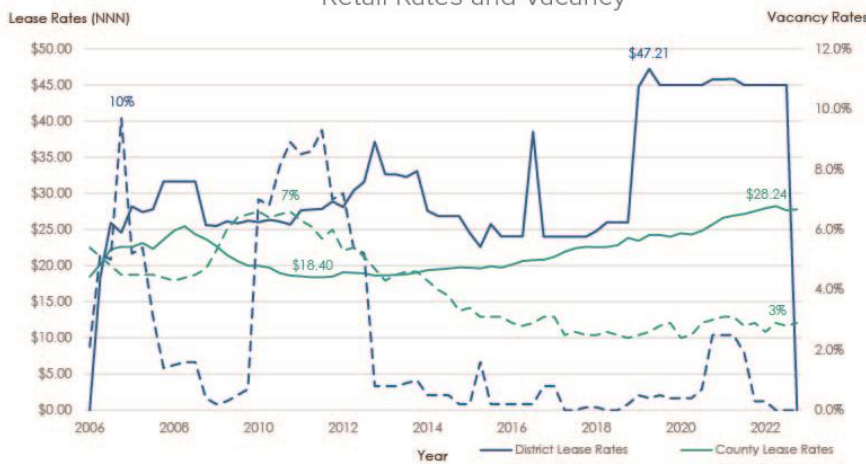
Retail Delivery and Absorption



The two major retail types in Wilburton are auto dealerships (40%) and freestanding retail (38%).

Wilburton has seen deliveries in five quarters since 2006, with the largest quarter seeing 178,140 square feet of retail space coming online. Absorption during this period has remained relatively consistent, with the exception of the quarters following the district's deliveries, suggesting the market is healthy.

Retail Rates and Vacancy



Sources: CoStar, 2022; Community Attributes Inc., 2023.

With the exception of vacancy rates spiking in 2020, likely caused by the COVID-19 pandemic, rates have remained below 1.0% in every quarter since Q2 2015, while lease rates fluctuated but generally increased over the period.

Newport Hills

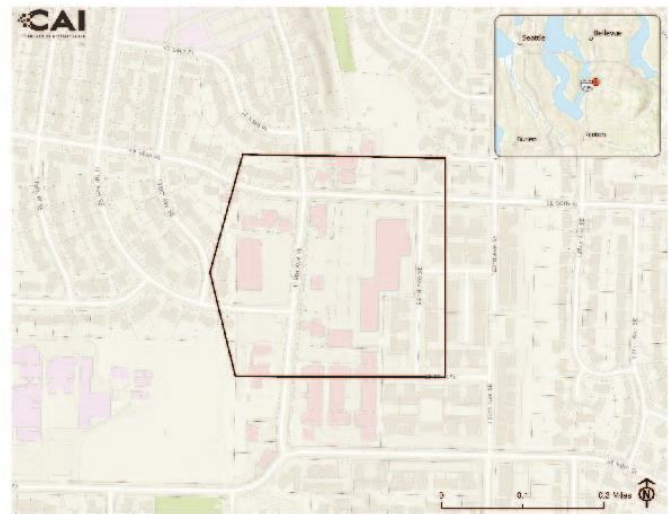
Overview

Newport Hills is a small commercial center that has seen little in the way of new development in recent decades. Retail uses in the district are primarily located in the Newport Hills Shopping Center, which counts several restaurants and various commercial services companies as tenants. The surrounding area consists largely of single family homes, and with limited access to major transportation infrastructure or high capacity transit, the district primarily serves nearby residents with daily goods and services.

Newport Hills has a population density of 4,400 residents per square mile, showcases a low median household income compared to the other Bellevue districts of \$89,000. The median age of people residing near Newport Hills is 44, and nearly half of the residents are represented by the Asian race.

Bellevue Retail District, 2023

Key Map



Sources: King County Open Data Portal, 2023; Community Attributes Inc., 2023.

Key Metrics



#1 ESRI Household Tapestry

Top Tier (3,373)

Description	Median Income
Wealthy, Educated, & Successful	\$173,200

Spends on...
High-End Retail, Travel, The Arts, Luxury Cars, & Services

Household Demographic Composition by ESRI Tapestries



#2 ESRI Household Tapestry

Enterprising Professionals (3,081)

Description	Median Income
Educated STEM workers with families	\$86,000

Spends on...
Technology, Travel, & Casual Dining



#3 ESRI Household Tapestry

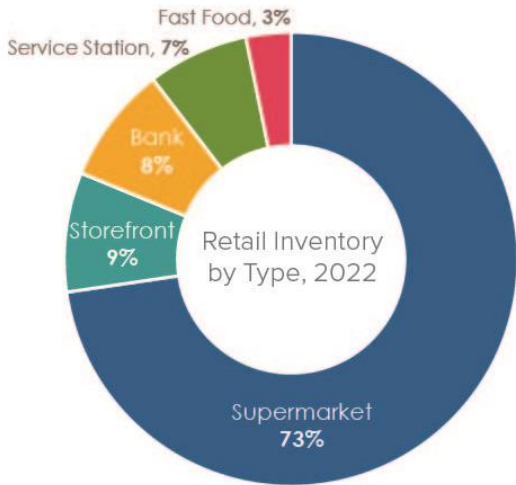
Saavy Suburbanites (2,370)

Description	Median Income
Well Educated Empty Nesters	\$108,700

Spends on...
Family-oriented Vehicles, Gardening and Home Remodeling, & Sports Gear

Sources: ESRI Tapestry Segmentation Data 2022; Community Attributes Inc., 2023.

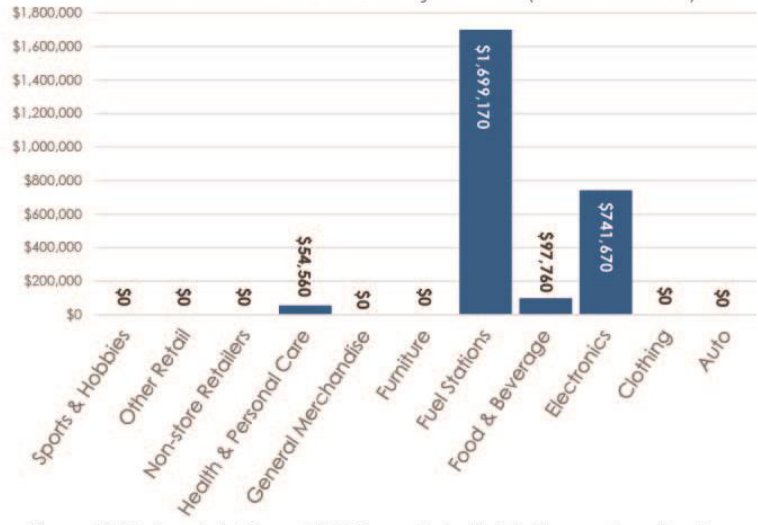
Newport Hills



Sources: CoStar, 2022; Community Attributes Inc., 2023.

Bellevue Retail District, 2023

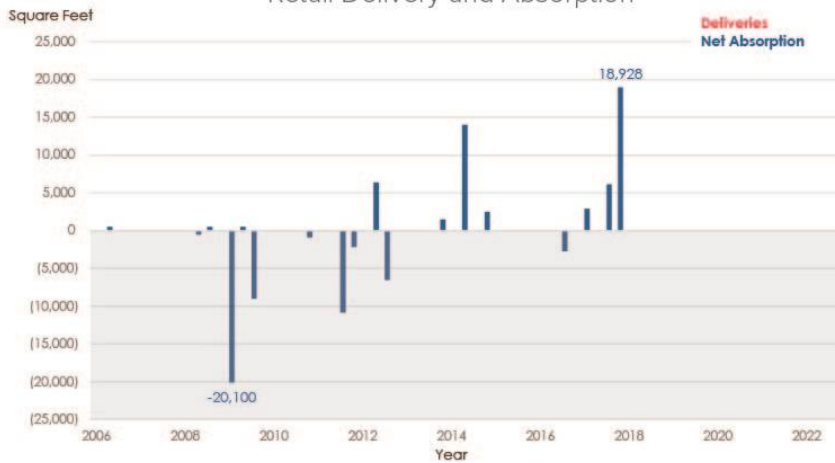
2022 Retail Sales by Sector (NAICS 44-45)



Sources: ESRI Business Analyst Forecast 2022, Bureau of Labor Statistics Consumer Expenditure Surveys; Community Attributes Inc., 2023.

Market Trends

Retail Delivery and Absorption



Nearly three quarters of all retail in the district is represented by super-market space.

Since 2006, the district has seen periods of high negative net absorption that led into periods of high net absorption since roughly 2013. The district has not experienced deliveries since 2006.

Data on lease and vacancy rates was sporadically available, and consequently, detailed analysis has been omitted.

Retail Rates and Vacancy



Sources: CoStar, 2022; Community Attributes Inc., 2023.

Downtown Kirkland Selected Comparison District, 2023

Overview

Downtown Kirkland is another neighborhood center within the region, with a robust mix of uses and several retail formats. Similar to the Main Street district in Bellevue, both freestanding and mixed-use retail are present, along with boutiques, restaurants, offices and mid-rise multifamily. The development pattern in Downtown Kirkland is more walkable than in most parts of BelRed and Wilburton, offering a different model of neighborhood center.

Downtown Kirkland's population density is 7,500 people per square mile and has a median household income of \$130,000. The median resident age is 43.5 years and retail expenditures are just shy of \$35,000 per capita.

Key Map



Sources: King County Open Data Portal, 2023; Community Attributes Inc., 2023.

Key Metrics



Household Demographic Composition by ESRI Tapestries



#1 ESRI Household Tapestry
Enterprising Professionals (5,195)

Description	Median Income
Educated STEM workers with families	\$86,000

Spends on...
Technology, Travel, & Casual Dining



#2 ESRI Household Tapestry
Urban Chic (4,384)

Description	Median Income
Sophisticated, Financially Stable, & Busy	\$109,400

Spends on...
Organic Foods, Upscale Shopping, & Travel



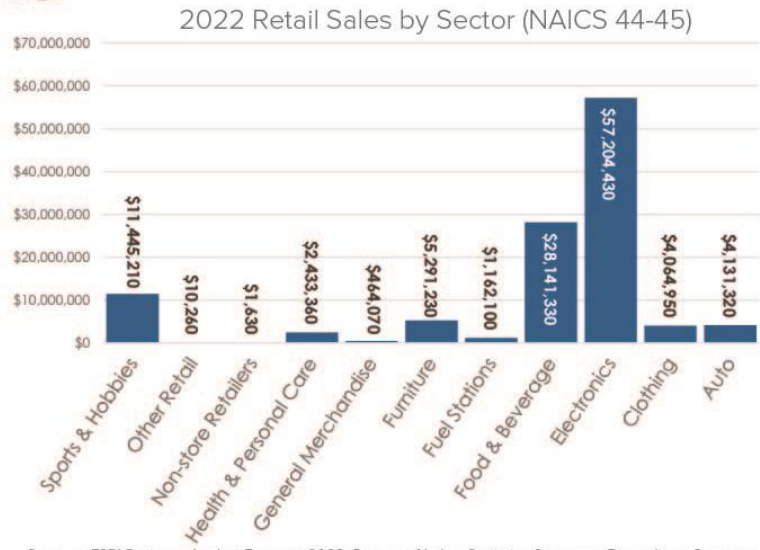
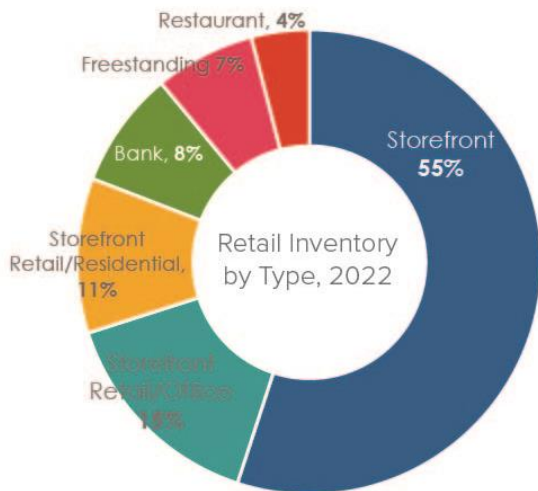
#3 ESRI Household Tapestry
Laptops and Lattes (2,903)

Description	Median Income
Affluent, Cosmpolitan, & Professional	\$112,200

Spends on...
Leisure Activities, Education, & Fitness

Sources: ESRI Tapestry Segmentation Data 2022; Community Attributes Inc., 2023.

Downtown Kirkland Selected Comparison District, 2023

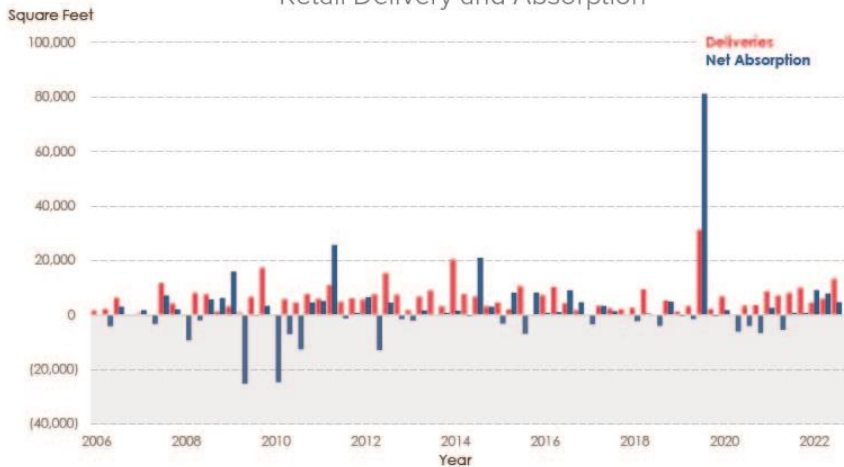


Sources: CoStar, 2022; Community Attributes Inc., 2023.

Sources: ESRI Business Analyst Forecast 2022, Bureau of Labor Statistics Consumer Expenditure Surveys; Community Attributes Inc., 2023.

Market Trends

Retail Delivery and Absorption



Downtown Kirkland's net absorption has been steady since 2006, suggesting a strong retail market, and has received one quarter with a large amount of square feet delivered (84,000 sf) in 2019.

Vacancy rates have gradually declined since reaching 9.6% in Q2 2014, remaining below 6.0% even through the pandemic, and falling to 0.3% in Q4 2022, the lowest recorded level since 0.0% in Q2 2017. Since 2012, lease rates have risen incrementally.

Retail Rates and Vacancy



Sources: CoStar, 2022; Community Attributes Inc., 2023.

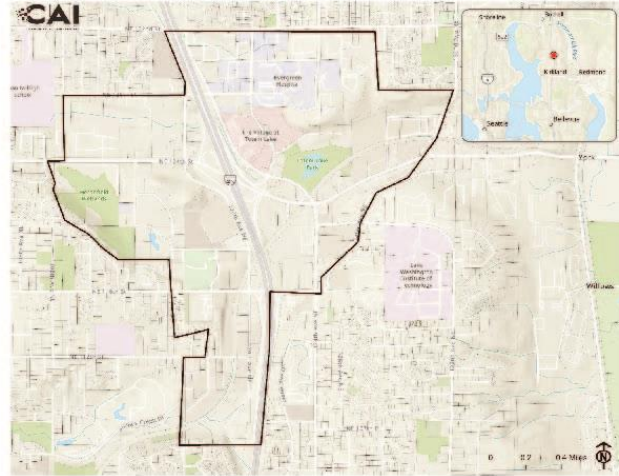
Totem Lake

Overview

Totem Lake is an auto-oriented neighborhood center with a mix of retail, industrial, and other commercial development. As with Wilburton and BelRed, Totem Lake is home to several auto dealerships, and development interest is leading to new, more urban forms of redevelopment, such as The Village at Totem Lake, a former indoor shopping mall that was recently converted to a mixed-use lifestyle center with 800 apartments, dozens of retail tenants, and outdoor public spaces.

Selected Comparison District, 2023

Key Map




Sources: King County Open Data Portal, 2023; Community Attributes Inc., 2023.

Key Metrics




Household Demographic Composition by ESRI Tapestries



#1 ESRI Household Tapestry
Enterprising Professionals (9,133)

Description	Median Income
Educated STEM workers with families	\$86,000
Spends on... Technology, Travel, & Casual Dining	



#2 ESRI Household Tapestry
Bright Young Professionals (3,894)

Description	Median Income
Young, Educated, Working Professionals	\$54,000
Spends on... Technology, Fast Food and Family Restaurants, & Sports	



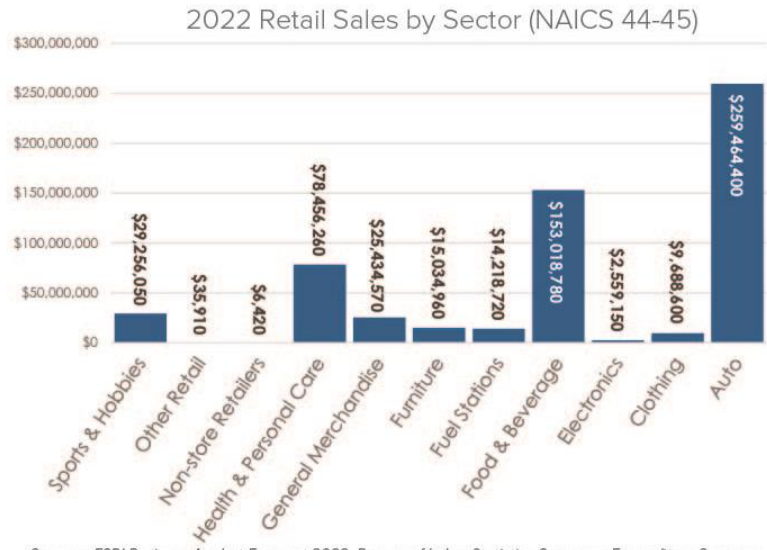
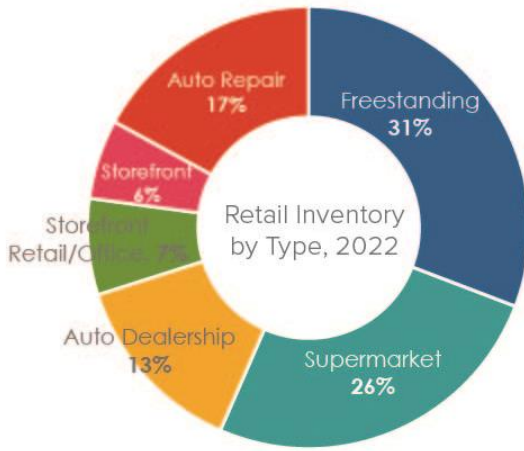
#3 ESRI Household Tapestry
Urban Chic (1,923)

Description	Median Income
Sophisticated, Financially Stable, & Busy	\$109,400
Spends on... Organic Foods, Upscale Shopping, & Travel	

Sources: ESRI Tapestry Segmentation Data 2022; Community Attributes Inc., 2023.

Totem Lake

Selected Comparison District, 2023

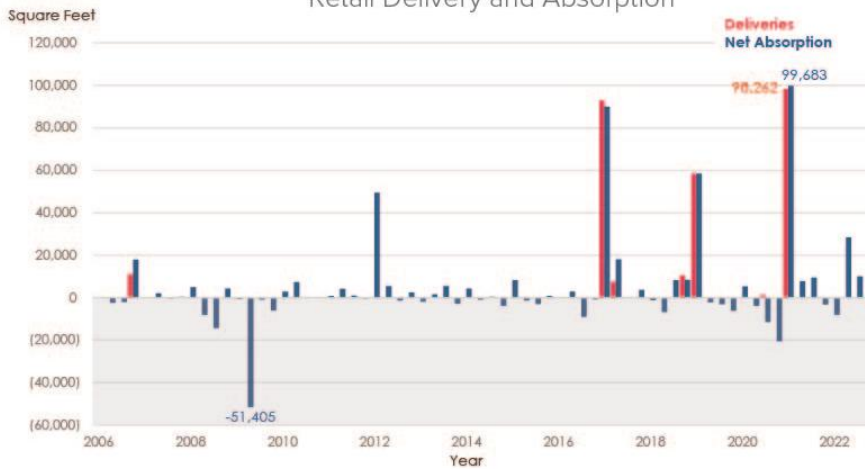


Sources: CoStar, 2022; Community Attributes Inc., 2023.

Sources: ESRI Business Analyst Forecast 2022, Bureau of Labor Statistics Consumer Expenditure Surveys; Community Attributes Inc., 2023.

Market Trends

Retail Delivery and Absorption



The district exhibits a relatively diverse retail mix, as no category comprises more than 33% of Totem Lake's total retail footprint. Of the retail types, 31% is categorized as freestanding, 26% as supermarket and 17% as auto repair.

Totem Lake's net absorption has become more consistent since 2006, suggesting the market has become healthier since roughly 2012. Since 2012, Totem Lake has also seen large periods of deliveries with roughly 250,000 square feet of space being delivered since 2017.

Retail Rates and Vacancy



Sources: CoStar, 2022; Community Attributes Inc., 2023.

Lease rates have gradually risen after dropping to a ten-year low of \$18.40 in Q2 2018, while vacancy rates have dropped to 17-year lows in 2022 after spiking at the outbreak of the COVID-19 pandemic.

Downtown Lake Oswego Village

Overview

Downtown Lake Oswego Village features several recent redevelopment projects that together have revamped this suburban downtown. As in Newport Hills, downtown Lake Oswego is surrounded by low-density single-family development, and a decade ago, this district was characterized by decades-old, auto-oriented shopping centers. Since then, Downtown Lake Oswego has been transformed into a pedestrian-friendly destination with specialty shopping, dining, and entertainment alongside condominiums and apartments.

Oswego Village has a population density of 3,610 residents per square mile, a median household income of \$102,000, the median age of 50, and very little diversity, with just 11% of residents being represented by Asian, Black, or Hispanic residents.

Selected Comparison District, 2023 Key Map



Sources: Clackamas County Open Data Portal, 2023; Community Attributes Inc., 2023.

Key Metrics

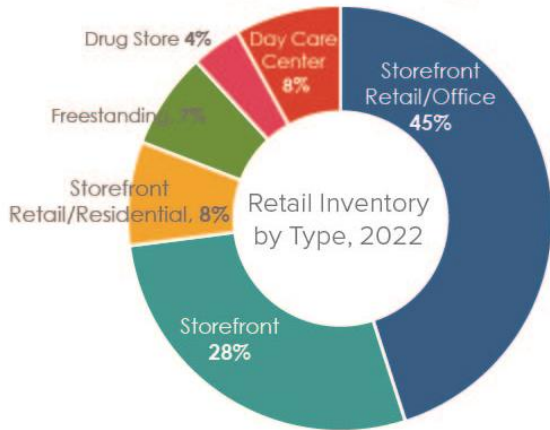


Household Demographic Composition by ESRI Tapestries



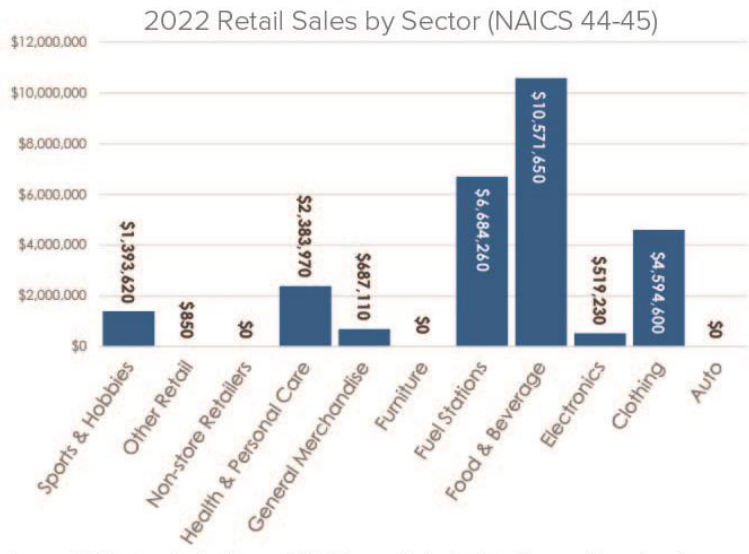
Sources: ESRI Tapestry Segmentation Data 2022; Community Attributes Inc., 2023.

Downtown Lake Oswego Village



Sources: CoStar, 2022; Community Attributes Inc., 2023.

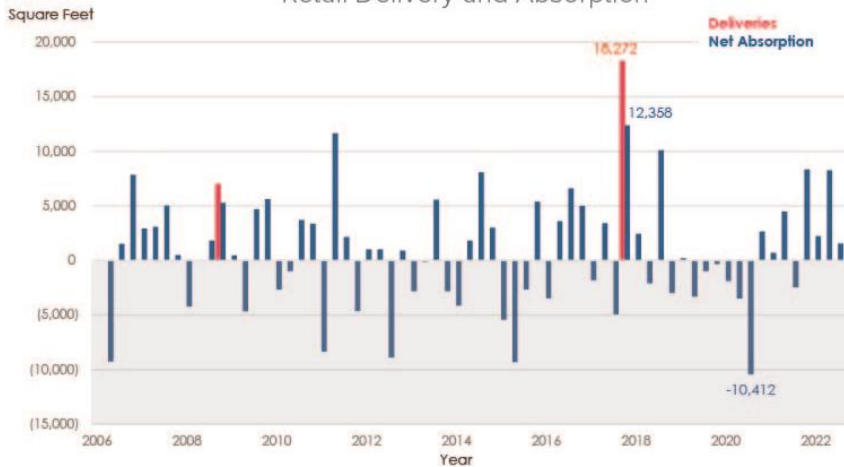
Selected Comparison District, 2023



Sources: ESRI Business Analyst Forecast 2022, Bureau of Labor Statistics Consumer Expenditure Surveys; Community Attributes Inc., 2023.

Market Trends

Retail Delivery and Absorption

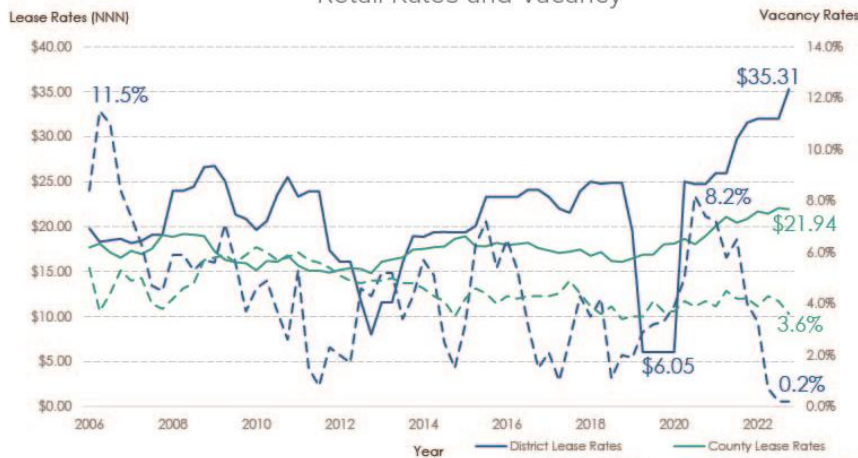


Oswego Village's primary retail type is storefront retail/office (45%), followed by storefront retail (28%).

Since 2006, the district has experienced consistent net absorption and few deliveries. The largest set of deliveries took place in 2017, with 18,300 square feet being delivered to the market.

Lease rates in the Oswego Village reached a 17-year high of \$35.31 in Q4 2022, while vacancy rates declined to near 0% in 2022, the lowest recorded value over the 17-year period despite fluctuating consistently since 2006.

Retail Rates and Vacancy



Sources: CoStar, 2022; Community Attributes Inc., 2023.

NoMa

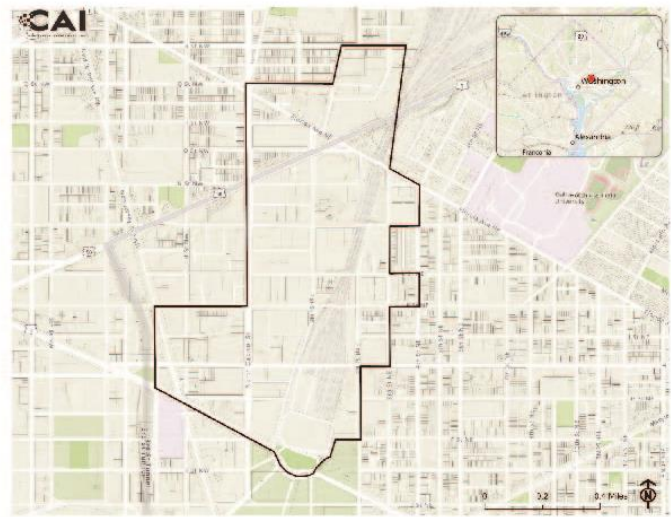
Overview

NoMa, named for its location north of Massachusetts Avenue Northeast, is a neighborhood residing in the heart of Washington DC. The district benefits from containing Union Station, a large public transportation station including train and bus connections, and has received a significant amount of redevelopment and restoration. Like Bellevue's Main Street district, NoMa has a large number of restaurant offerings that attract visitors to the district, anchored by the district's restored public market, Union Market.

The NoMa district has a population density of 24,000 residents per square mile, a median household income slightly below \$100,000, a population base with a median age of 35 years, the largest non-white portion of their population represented by Black residents (29%).

Selected Comparison District, 2023

Key Map



Sources: District of Columbia Open Data Portal, 2023; Community Attributes Inc., 2023.

Key Metrics

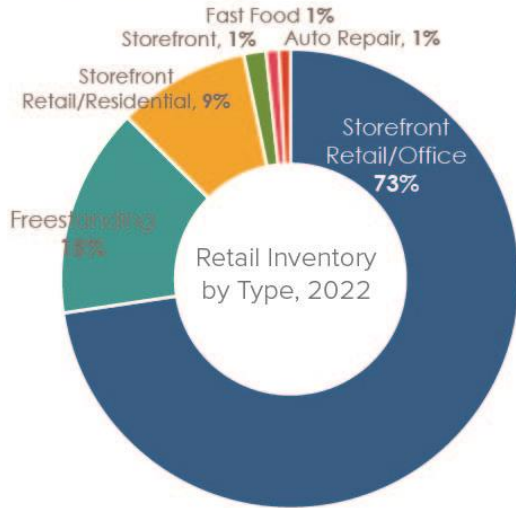


Household Demographic Composition by ESRI Tapestries



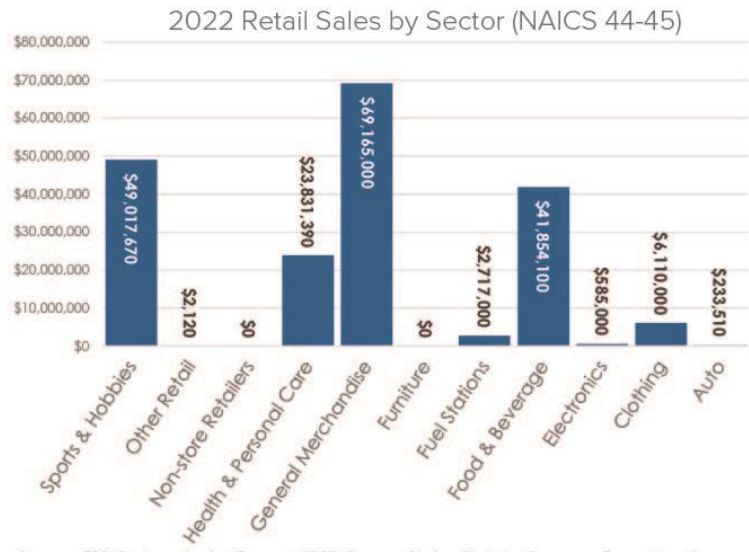
Sources: ESRI Tapestry Segmentation Data 2022; Community Attributes Inc., 2023.

NoMa



Sources: CoStar, 2022; Community Attributes Inc., 2023.

Selected Comparison District, 2023



Sources: ESRI Business Analyst Forecast 2022, Bureau of Labor Statistics Consumer Expenditure Surveys; Community Attributes Inc., 2023.

Market Trends

Retail Delivery and Absorption



The primary style of retail space in the district is freestanding retail space (72.6%).

NoMa has seen very low levels of net absorption since 2006. The exception being quarters following deliveries, experienced in 2013, 2017, and 2022; and 2018, when the district saw a negative net absorption spike of 113,000 square feet.

Retail Rates and Vacancy



Sources: CoStar, 2022; Community Attributes Inc., 2023.

Vacancy rates increased significantly around 2016-2017 and remained steady since, reaching as high as 14% and settling near 12%. Lease rate data was available sporadically over the 17-year period, with no data recorded after Q3 2020.

Tyson's

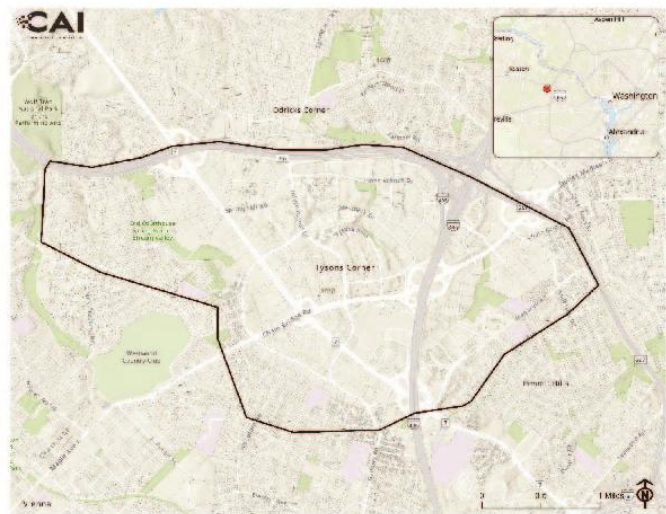
Overview

Tyson's, located in Virginia about a 30-minute drive west of Washington DC, is a large, car-oriented shopping center easily accessible via two major highways in the region, Interstate 495 and State Route 267. The Tyson's district offers a unique set of retail, with a shopping center offering higher-end specialty retail, in addition to luxury car dealership offerings, drawing similarities to Downtown Bellevue's Bellevue Square. In addition to Tyson's specialty and luxury retailers, the district possesses a number big box and neighborhood retail offerings.

The Tyson's District has a relatively a population density of 6,700 residents per square mile, a median household income of \$124,000, and a median age of 38.7 years.

Selected Comparison District, 2023

Key Map



Sources: Fairfax County Open Data Portal, 2023; Community Attributes Inc., 2023.

Key Metrics



#1 ESRI Household Tapestry

Top Tier (7,432)

Description	Median Income
Wealthy, Educated, & Successful	\$173,200

Spends on...
High-End Retail, Travel, The Arts, Luxury Cars, & Services

Household Demographic Composition by ESRI Tapestries



#2 ESRI Household Tapestry

Enterprising Professionals (6,061)

Description	Median Income
Educated STEM workers with families	\$86,000

Spends on...
Technology, Travel, & Casual Dining



#3 ESRI Household Tapestry

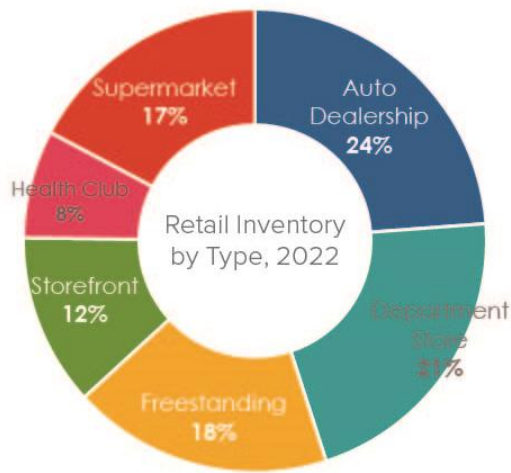
Metro Renters (4,855)

Description	Median Income
Mobile, Educated, & Urban	\$67,000

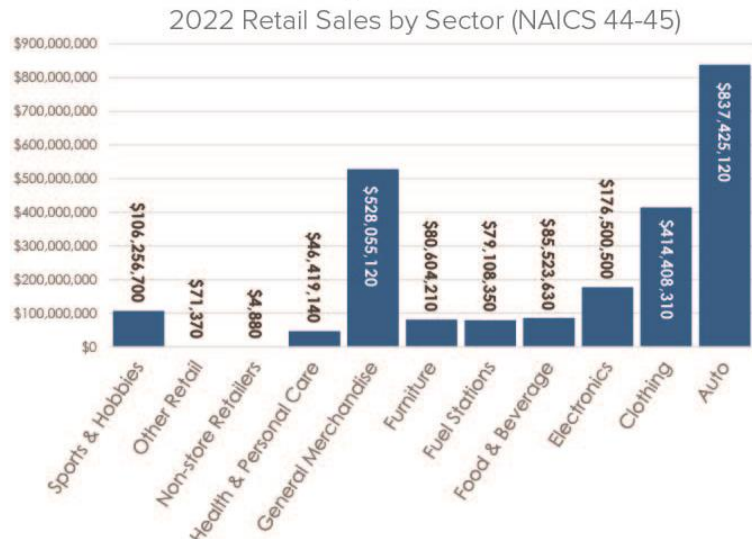
Spends on...
Leisure activities, Organic Foods, & Restaurants

Sources: ESRI Tapestry Segmentation Data 2022; Community Attributes Inc., 2023.

Tysons



Selected Comparison District, 2023

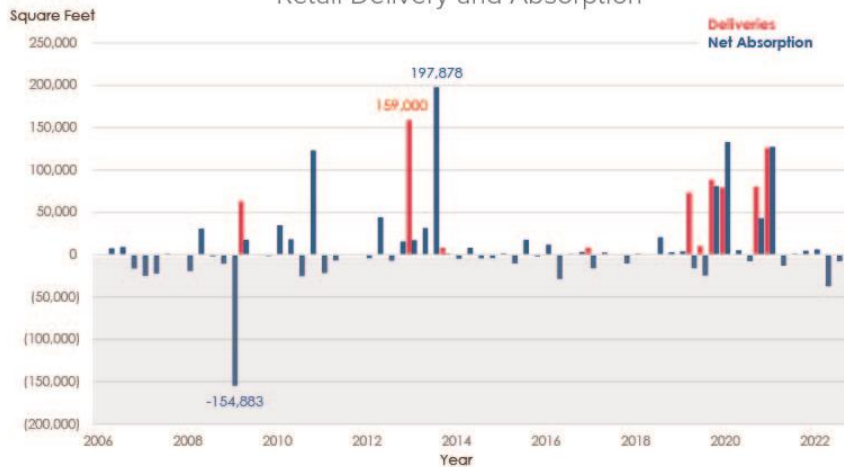


Sources: CoStar, 2022; Community Attributes Inc., 2023.

Sources: ESRI Business Analyst Forecast 2022, Bureau of Labor Statistics Consumer Expenditure Surveys; Community Attributes Inc., 2023.

Market Trends

Retail Delivery and Absorption



Tysons boasts a diverse retail landscape with 24% being auto dealerships, 21% department stores, 18% freestanding, and 12.0% storefront.

Tyson's net absorption has gained consistency since 2014, and remained very consistent during this period with the exception of net absorption spikes following quarters that received new retail square footage.

Retail Rates and Vacancy



Sources: CoStar, 2022; Community Attributes Inc., 2023.

Lease and vacancy rates have fluctuated since 2006, with vacancy rates ranging between 0% and 6%, and lease rates fluctuating from \$18 to as high as \$65 during this period.

Beverly Hills & Century City

Overview

Beverly Hills and Century City are neighborhoods in Los Angeles, California. These neighborhoods are known worldwide as a destination for luxury apparel and accessories. Beverly Hills' Rodeo Drive is home to retail tenants, such as Louis Vuitton and Hermes, that also have locations in Downtown Bellevue's The Bravern. Also like Downtown Bellevue, with luxury shopping options at Bellevue Square, this district offers Westfield Century City, a regional mall that counts Gucci and Kate Spade as tenants.

Century City has a population density of 8,900 residents per square mile, a median household income of \$92,300, and a median age of 48.5 years. The population surrounding the district does not enjoy significant diversity, with roughly 25% of the population represented by Asian, Black, or Hispanic residents.

Selected Comparison District, 2023 Key Map



Sources: Los Angeles Open Data Portal, 2023; Community Attributes Inc., 2023.

Key Metrics



Household Demographic Composition by ESRI Tapestries



#1 ESRI Household Tapestry

Trendsetters (27,233)

Description	Median Income
Young, Single, & Educated	\$63,100

Spends on...
Travel, Fashion, & Urban Rents



#2 ESRI Household Tapestry

Laptops and Lattes (20,304)

Description	Median Income
Affluent, Cosmpolitan, & Professional	\$112,200

Spends on...
Leisure Activities, Education, & Fitness



#3 ESRI Household Tapestry

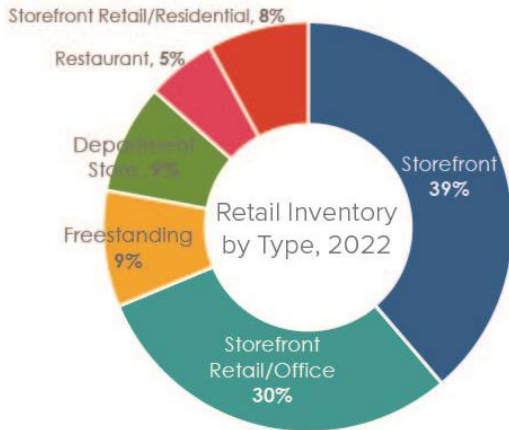
Urban Chic (11,484)

Description	Median Income
Sophisticated, Financially Stable, & Busy	\$109,400

Spends on...
Organic Foods, Upscale Shopping, & Travel

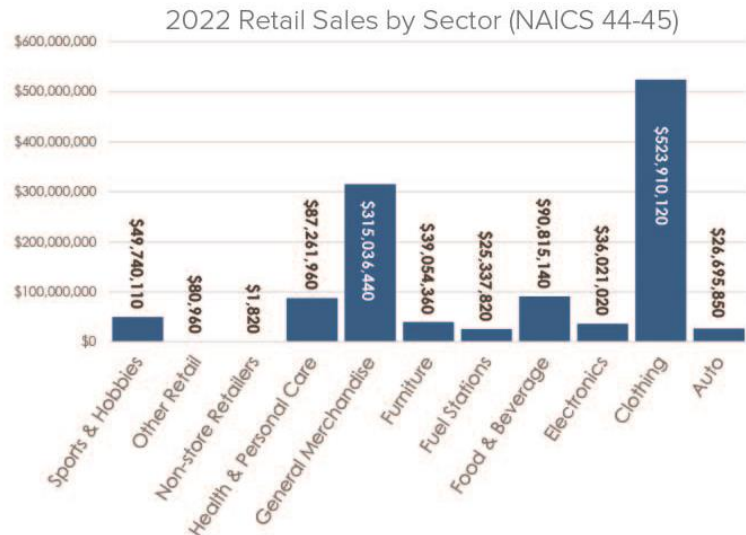
Sources: ESRI Tapestry Segmentation Data 2022; Community Attributes Inc., 2023.

Beverly Hills & Century City



Sources: CoStar, 2022; Community Attributes Inc., 2023.

Selected Comparison District, 2023



Sources: ESRI Business Analyst Forecast 2022, Bureau of Labor Statistics Consumer Expenditure Surveys; Community Attributes Inc., 2023.

Market Trends

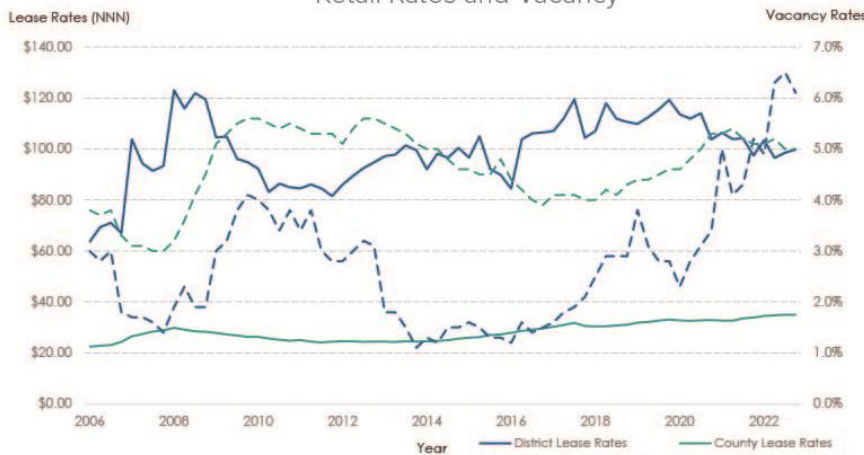
Retail Delivery and Absorption



Retail expenditures per capita are slightly below \$37,000, and the primary retail types in the district are storefront (39%) and storefront retail/office (30%).

Century City's net absorption has remained at steady and healthy levels since 2006, and the district has only seen one period of high deliveries, when 94,000 square feet were introduced in 2022.

Retail Rates and Vacancy



Sources: CoStar, 2022; Community Attributes Inc., 2023.

Vacancy rates have fluctuated between 1% and 6% since 2006, peaking in 2022. During this period, lease rates have fluctuated between \$60 and \$120 per square foot but have remained but have remained between \$100 and \$120 per square foot.

Miami Design

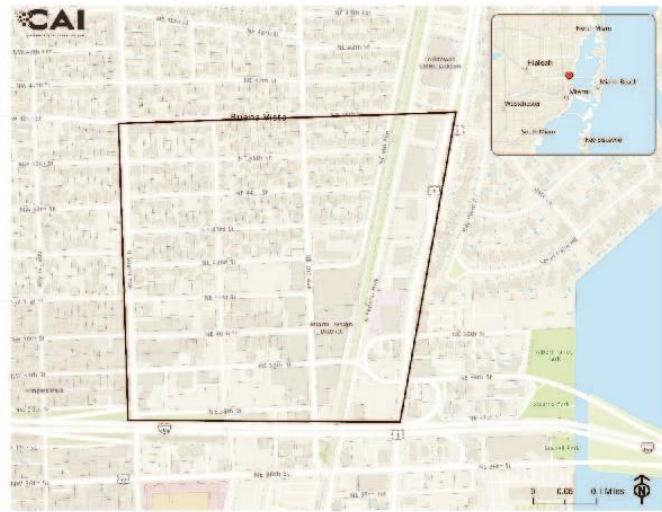
Overview

The Miami Design District is an arts district located in Miami, Florida. The area features high-end restaurants, luxury retail, public art, and unique architecture, along with a plethora of creative businesses, many of which focus on fashion. The Design District is known for its activation of public spaces, and it offers inspiration to arts districts elsewhere that seek to identify ways to cultivate a core group of creative tenants and spur activity.

The Miami Design District has a population density of roughly 11,000 residents per square mile and a median household income of \$105,000. The median age is 41.6 and average retail expenditures per capita total \$21,000.

Selected Comparison District, 2023

Key Map



Sources: Miami-Dade County Open Data Portal, 2023; Community Attributes Inc., 2023.

Key Metrics



Household Demographic Composition by ESRI Tapestries



#1 ESRI Household Tapestry
Modest Income Homes (12,399)

Description Traditional, Multi-generational Families	Median Income \$23,900
Spends on... Low-cost Retail, Rent, and Groceries	



#3 ESRI Household Tapestry
Metro Renters (9,789)

Description Mobile, Educated, & Urban	Median Income \$67,000
Spends on... Leisure activities, Organic Foods, & Restaurants	

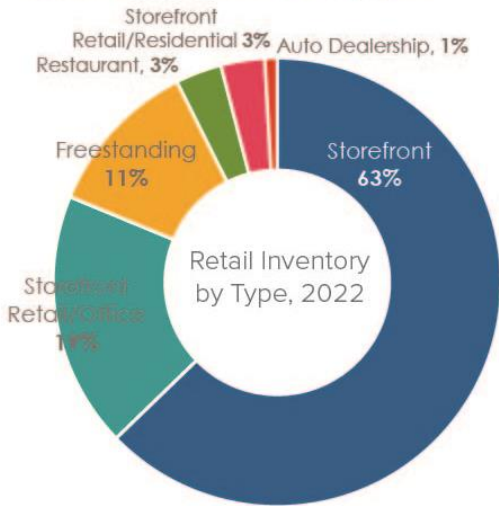


#2 ESRI Household Tapestry
City Commons (8,849)

Description Young, Single Parents	Median Income \$18,300
Spends on... Baby and Childrens Products, Fast Food, & Warehouse Club Shopping	

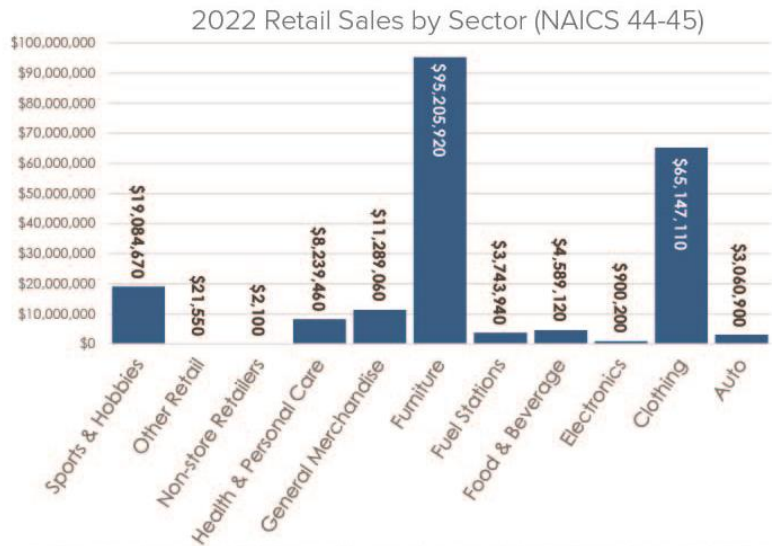
Sources: ESRI Tapestry Segmentation Data 2022; Community Attributes Inc., 2023.

Miami Design



Sources: CoStar, 2022; Community Attributes Inc., 2023.

Selected Comparison District, 2023



Sources: ESRI Business Analyst Forecast 2022, Bureau of Labor Statistics Consumer Expenditure Surveys; Community Attributes Inc., 2023.

Market Trends

Retail Delivery and Absorption



Of all retail square footage in the district, nearly two-thirds (63%) is storefront and 19% is categorized as storefront retail/office.

The Miami Design District has experienced steady net absorption since 2006, with high net absorption immediately following periods of inventory deliveries. The largest set of deliveries saw 316,000 square feet of retail space delivered in 2018.

Retail Rates and Vacancy



Lease rates peaked in Q1 2015, reaching a 17-year high of \$114.59, lowered to \$54.99 in Q3 2017, and increased to a rate above \$75.00 for each of the four quarters in 2022. Vacancy rates generally remained above 5.0% from Q1 2013 through Q4 2021, then declined to a rate less than 3.0% in each of the final three quarters of 2022.

Sources: CoStar, 2022; Community Attributes Inc., 2023.

Bellevue Retail Districts and Their Comparison Districts

There are important points of contrast between each of Bellevue's retail districts and their respective regional and national peers. The selected national peer for BelRed art district is Miami's Design District. While both districts are relatively older trade areas with high household incomes, there are marked differences between the two in both density and diversity. The population density of the trade area surrounding the Miami Design district is far denser than the area around BelRed. Further, the racial composition of the Miami Design District shows over half the population are black or Hispanic. By contrast, over half of BelRed's population are Asian. There are also pronounced differences in retail mix and expenditure patterns between BelRed and this comparison district. A cluster of automotive sales and services stores drives expenditure in the BelRed, with additional spending in electronics and general merchandise. True to its fashion-oriented brand, Miami's Design District sees higher spending in clothing and furniture. Shops in this the Design District tend to be storefronts rather than freestanding.

To the extent that Miami's Design District is an aspiration for BelRed's future development goals, there is an opportunity to place a greater emphasis on clothing and furniture boutiques, or other similar creative and artistic-oriented retailer, in the BelRed district to lean harder into an arts district identity. This could include investing in or attracting art-supportive spaces such as studios, performance arts, or entertainment spaces. Two studies, the 2017 Preliminary Feasibility Study³ and 2022 Arts Market Study⁴, conducted in BelRed confirmed a robust market for such art-supportive spaces, highlighted potential funding sources and local leaders that may advance new space initiatives, quantified supply and demand of these spaces and provided recommendations for new space initiatives. The recommendations include creating up to 66 affordable artist live/work housing units, up to 74 studio/work spaces, as well as shared specialization creative spaces such as galleries, shared teaching and rehearsal spaces, and light industrial workshop spaces.

There are two national districts that, like Downtown Bellevue, offer luxury shopping comparisons. Downtown has a very high population density within a one-mile radius, exceeding the population density of Beverly Hills and Century City and Tysons by a substantial margin. Downtown shares some

³ Preliminary Feasibility Study (2017). Artspace Consulting and the City of Bellevue. Link:[https://bellevuewa.gov/sites/default/files/media/pdf_document/2023/2017%20Art space%20Preliminary%20Feasibility%20Study.pdf](https://bellevuewa.gov/sites/default/files/media/pdf_document/2023/2017%20Art%20space%20Preliminary%20Feasibility%20Study.pdf)

⁴ Arts Market Study (2022). Artspace Consulting and the City of Bellevue. Link:https://bellevuewa.gov/sites/default/files/media/pdf_document/2023/Bellevue%20AMS%20Report%20of%20Findings_Final.pdf

key similarities to Tysons. Both districts enjoy healthy household incomes and similar median ages, with similar racial compositions: a higher Asian population, a modest proportion of Hispanics, and a low Black population. Beverly Hills and Century City deviate from this similarity with a lower median household income, a relatively lower Asian population, and a much older trade area population. Spending patterns are fairly aligned for Downtown Bellevue and its comparison districts. Despite these points of contrast for Beverly Hills and Century City, the comparison district is well-aligned with Downtown Bellevue in terms of spending mix. Retail sales are concentrated primarily in general merchandise and clothing categories, reflecting each districts' upscale and high-end offerings. Tysons differs slightly here, with consumer expenditure concentrated heavily on automotive sales and service. Century City, envisioned as "a city within a city", developed a retail and luxury market supported by surrounding neighborhoods of working professionals, and the Westfield Century City shopping center, which has undergone many rounds of renovation and expansion. Architecture and urban design has played a large role in the culture of Century City, along with its central location.

Main Street's national comparison district is Washington D.C.'s NoMa district. Both districts share a diverse offering of restaurants that service a relatively young population. The NoMa district is far denser than Main Street Bellevue, and over a quarter of its population are black. By contrast, Main Street Bellevue has a large Asian population and substantially higher household incomes. Spending patterns for both districts are generally well-aligned, with some slight differences. The majority of retail sales are concentrated in sports and hobbies and general merchandise. Main Street Bellevue also sees substantial sales in clothing due to its collection of local boutiques and shops. While NoMa sees some spending on apparel, a larger spike in retail sales comes from food and beverage stores in the district. An additional point of contrast between the two districts is retail inventory. While the majority of retail properties in Main Street Bellevue are freestanding, properties in NoMa tend to be storefront office or retail space.

Downtown Lake Oswego Village is the national neighborhood center comparison district for Newport Hills. Both Newport Hills and Downtown Lake Oswego Village are surrounded by low-density single-family development. Newport Hills has a substantially higher Asian population, a recurrent trend among most areas of Bellevue. Newport Hills also has a slightly lower median household income than Downtown Lake Oswego Village. Supermarket space comprises the majority of the retail inventory in Newport Hills. By contrast, Downtown Lake Oswego Village has a mix of retail and office storefronts and mixed-use development. Spending in Newport Hills is concentrated in fuel stations and electronics, while spending

in Downtown Lake Oswego Village is concentrated in a blend of food and beverages, fuel, and clothing.

Case Studies in Addressing Retail Challenges

The following case studies discuss and assess different retail types and land use patterns proven to be successful or that are currently struggling throughout the country. Topics covered include permanent food truck pods, ground floor retail in mixed-used development, and displacement impacts experienced by car dealerships.

Food Trucks in Portland, Oregon

Portland's food truck and food cart pods have gained national attention and are engrained in the city's identity, having created memorable experiences for both residents and visitors. Food truck or food cart pods are defined as semi-permanent sites of multiple food vendors operating out of a food truck or food cart.

For the community, semi-permanent food and beverage vendors offer relatively affordable and convenient food options, greater opportunities for social interaction, improved public safety by increasing "eyes on the street", and help encouraging and facilitating greater pedestrian-friendly urban environments leading in many ways to a greater sense of placemaking.⁵ For a city or urban environment, permanent food truck pods offer low-cost opportunities to utilize vacant or undesirable land lots, without hindering the future development of that site, as well as create new jobs.⁶ For entrepreneurs, especially low-income, minority, or immigrant entrepreneurs, food trucks and permanent pods offer lower-cost start-up opportunities, serving as incubators small and local businesses.⁷ These spaces allow start-ups to build up the customer base and capital that will ultimately allow them to transition into a brick-and-mortar location, an increasingly common transition as food trucks expand in the Pacific Northwest.⁸ An iconic example in Seattle is the Skillet Diner, which was opened four years after the opening of the Skillet Street Food Truck.⁹ In Kennewick, local food truck Swampy's BBQ broke ground for their expansion to a new building this year.¹⁰

⁵ "Food Cartology – Rethinking Urban Spaces as People Places", Urban Vitality Group, 2008.

⁶ *Ibid.*

⁷ "Portland's food cart pod is dead, long live Portland's food cart pods!", City Commentary, 2019.

⁸ "Food Truck Facts & Myths", Washington State Food Truck Association, 2023.

⁹ "Seattle Food Truck Moves to Bricks and Mortar", FSR magazine, 2012.

¹⁰ Swampy's BBQ to Break Ground on Brick & Mortar", Port of Kennewick, 2023.

Obstacles facing food trucks and permanent pods are often land use and regulatory barriers. Land use barriers primarily fall within the market for developable or re-developable land. As cities prioritize higher-density development and land prices continue to rise, the availability of lots perfect for permanent food trucks will become more difficult to find. One example is the well-known and locally cherished food cart pod located between 9th, 10th, and 11th Avenues and Alder and Washington Streets in Portland, Oregon. The landowner recently sold the site, and a new 35-story development, including offices, residences, and a hotel, will be displacing this established pod.¹¹ Policy barriers pertaining to food trucks, carts, and pods primarily involve regulations and local policies pertaining to the industry. Semi-permanent food and beverage locations typically have more stringent regulations than permanent locations, including restrictions on what is sold, difficulty obtaining permits, and limitations on where and when these businesses can operate. Strategies a city can use to support and encourage semi-permanent food and beverage businesses include:¹²¹³

- Encouraging developers to set aside or designate space for food trucks in appropriate projects.
- Work with neighborhood partners or community organizations to identify privately-owned sites that could be utilized for a food cart pod.
- Allow food trucks and carts to occupy publicly owned land or create a pilot program to experiment with food trucks in public spaces (parks).
- Support publicly or privately funded food cart site improvements to improve local amenities.
- Sponsor design competitions that incorporate food cart uses in new developments.
- Support diversity in design regulations.
- Create an inventory of lots with long-term viability for food truck pods.
- Shift the perception that surface parking in urban areas are short-term locations for food trucks.

Bellevue’s Main Street Flats and Mixed-Use Ground-Floor Retail

Successful ground-floor retail provides many benefits to an area, including encouraged walkability and reduced vehicle trips, a greater sense of

¹¹ “Portland’s food cart pod is dead, long live Portland’s food cart pods!”, City Commentary, 2019.

¹² “Food Cartology – Rethinking Urban Spaces as People Places”, Urban Vitality Group, 2008.

¹³ “Friends of Green Loop: Food Cartology”, Evergreen Community Planning, 2021.

placemaking or community, more efficient infrastructure delivery, and increased environmental sustainability. Higher density and mixed-use development also allow greater potential to provide more affordable access to low-income households via public transit rather than car access.¹⁴

While a vibrant, walkable area full of mixed-use developments where residents can live, work, and shop is very appealing, it can be hard to execute. Some factors that have been shown to affect the success of ground-floor retail include location, occupancy, regulations, activation, and small business support.

To succeed, location has traditionally been a large factor influencing the success and occupancy of ground-floor retail. While vacant ground-floor retail spaces may appear as a negative amenity to consumers, which can harm an entire development's appeal, proximity to other retail or to services can be beneficial for a ground-floor retail space.¹⁵ This proximity lends itself to increased "dwell time", which is linked to increased spending.¹⁶ However, cities and developers must ensure the creation of additional retail space will not flood the market.¹⁷ Incentivizing community services, such as childcare or medical spaces, in place of over-retailing an area is an important approach to creating livable and dynamic spaces. However, services are not considered "active uses" in Bellevue's zoning code, limiting the availability to utilize this strategy and provide services in the community.

When it comes to development and redevelopment, the influence of city regulations on the success of retail and service spaces cannot be overstated. Interviews reveal that onerous parking requirements in Bellevue may adversely affect retail development, location, and vacancies.¹⁸ Maintaining high parking minimums endorses a suburban-style development approach, which may not align with the vision for walkable or urban spaces like downtown Bellevue. The combination of parking requirements, which are different according to uses, and use requirements (such as, what is an "active use") can halt development altogether or effectively legislate vacancies. A particular case study on this situation are Bellevue's Main Street Flats Ph I and II which have been vacant since 2019. While flexibility can be granted on a case-by-case basis, this practice places a burden on staff resources, prolongs project timelines by introducing complexities to the permitting process, and

¹⁴ "Retail Spaces in Mixed-Use Developments: Supporting Small Businesses and Creating Place in Seattle's Neighborhoods", University of Washington, 2018.

¹⁵ "Analyzing the future of mixed-use development in Montgomery County", Holdzkom and Blyton, 2021.

¹⁶ "5 ways to activate 'dead space' in mixed-use developments", Building Design and Construction, 2019.

¹⁷ *Ibid.*

¹⁸ Retail Stakeholder Interviews Technical Memo, 2023.

may inadvertently create an impression of subjectivity or favoritism. Relaxing stringent stipulations for getting permits can help to support the growth and success of ground floor retail and services.

Some post-development measures are available to activate vacant ground floor retail space. Strategies include adding greater value to underutilized space by increasing guest interaction through programming or placemaking efforts. Placemaking efforts include hiring local artists to paint the spaces façade in a unique way, implementing “complete sidewalks”, or sidewalks which accommodate the safe and comfortable passage of individuals of all abilities, or hosting community or neighborhood events to help blend the space into the identity of the community. Additionally, a developer can try tapping into the unique history of a neighborhood or region and create engagement areas for consumers. For example, the City of Cincinnati leveraged underutilized sidewalks to tell the story of the region’s brewing history through a series of wayfinding and graphic illustrations.¹⁹ Other strategies that may help activate ground floor retail space include allowing for short-term altered uses, such as utilizing the space for events, mini - boutiques, showrooms or art galleries, pop-ups, coworking spaces, or even child-care or education institutions. One industry professional argues there is only so much opportunity to create a sense of place with ground floor retail, but by allowing for alternative uses, a ground floor retail space could be given new life.²⁰ Additionally, research suggests rental assistance or business grants directed toward small businesses are effective in activating ground-floor retail.²¹

Avoiding Displacement of Auto Dealerships

As cities and urban areas shift towards higher-density zoning, car dealerships will continue to face displacement risks. These displacement risks are especially true for car dealerships that do not own the land they operate on outright. Higher-density zoning drives land prices up, making the sites where car dealerships are located more valuable for an owner to sell. Car dealerships are often strategically placed on busy intersections, offering some of the last and largest parcels that pose easy infill development opportunities.²² Additionally, the existing road, water, and sewer infrastructure surrounding car dealerships are often already sufficient to support re-development.

¹⁹ *Ibid.*

²⁰ “Arlington Building Owners Are Often Struggling to Fill Vacant Retail Space”, ARLnow, 2019.

²¹ “Study of Mixed-Use Development Trends”, Montgomery County, MD, 2022.

²² “At Car Lots, the Best Deal May Be the Real Estate”, New York Times, 2022.

While some car dealership sites represent easy infill opportunities, there are also potential barriers to easy re-development. Barriers primarily relate to environmental clean-up requirements associated with underground fuel storage tanks, wastewater clarifiers, service and repair bays, and chemical storage facilities.²³ Displacement places dealerships in a difficult situation, as car dealerships are extremely limited in where they can operate. For example, Washington State regulates the location of dealerships and requires that dealership business sites meet a range of requirements.

If a car dealership is successful in relocation, they are unlikely to enjoy the same benefits as they once did due to lost co-location benefits, restrictions on locations, or new challenges. For example, car dealership stakeholders interviewed for this study reported that upon relocation within the City of Bellevue, their operating costs increased due to limited space for loading and unloading new cars or having to store inventory off-site.

In Bellevue today, the majority of auto dealerships are proprietors of their land. By shrinking the footprint of existing or new dealership buildings and parking lots, auto dealerships create opportunities to optimize their land's value, whether through introducing new developments or selling off partitions for infill projects.²⁴ In the wake of the pandemic, there is a growing consensus that the dynamics of automobile purchasing are evolving. Some manufacturers are responding by shifting away from maintaining extensive in-person stocks at dealerships, instead prioritizing the development of digital and technological assets.²⁵ In addition, trends towards increased Electric Vehicle (EV) adoption and use are also likely to affect dealership adaptations.²⁶ While auto dealerships may need less space moving forward, there are an additional three effective models to facilitate footprint reduction of auto dealerships: the transition of surface lots into parking structures, vertical development by stacking non-dealership uses on top of existing buildings or within structures, and a horizontal mixed-use approach which reduces dealership footprint allowing the introduction of new, non-auto uses in remaining spaces. A noteworthy example of successful vertical stacking is demonstrated by the Seattle Honda dealership in south Seattle.²⁷ This

²³ “Auto Dealership Sites Offer High-Density Residential Opportunities”, Urban Land Institute, 2009.

²⁴ Sisson, Patrick (2022), “At Car Dealerships, the Best Deal May be the Real Estate”, The New York Times. Link: <https://www.nytimes.com/2022/09/27/business/auto-dealerships-real-estate.html>

²⁵ John, Alexa St. (2023) “Car buying is never going back to normal”, Business Insider. Link: <https://www.businessinsider.com/car-dealerships-shopping-inventory-prices-incentives-2023-1>

²⁶ Naughton, Nora (2023) “Electric cars are killing the car dealership as we know it”, Business Insider. Link: <https://www.businessinsider.com/electric-cars-killing-car-dealership-as-we-know-it-2023-1>

²⁷ <https://www.hondaofseattle.com/>

flexible approach to dealership design demonstrates the potential for innovative and space-efficient solutions in the auto-dealership industry. Still other innovative examples of mixed-use auto dealership developments and redevelopments include Porsche Brooklyn, Volvo Boston, and Toyota Sunnyvale.²⁸

Supporting Robust Neighborhood Center Retail

Per the International Council of Shopping Centers (ICSC), Neighborhood Center retail is typically convenience-oriented, or “commodity” retail anchored by a supermarket or grocery store. Convenience-oriented retail is thought to serve daily needs. Again, according to ICSC, Neighborhood Center retail is defined as having a three-mile trade area, targeted inventory of 30,000 to 125,000 square feet, and anywhere from five to twenty stores.²⁹ Among the five Bellevue retail districts analyzed for this study, Newport Hills is the only district that fits the Neighborhood Center retail criteria, although both BelRed and Wilburton, as well as other selected peer districts, share qualities with this formal definition of Neighborhood Centers.

One major factor that will dictate the success of a Neighborhood Center retail district is the population density across the district’s trade area. While many additional factors will play a role in a Neighborhood Center’s success, population density is paramount given the residential, commodity-centric nature of a Neighborhood Center. The following analysis estimating the population density needed within a center’s trade area to support robust retail offerings utilizes industry reports and retailer insights to inform inputs and considerations. Findings from these reports and insights are summarized below.

A 2019 article published by commercial brokerage firm Cushman and Wakefield analyzed the relationship between population, housing, and retail densities of various markets across the United States.³⁰ The study highlights several retail characteristics, including the amount of total retail square feet per resident in each area, retail square feet per household, and retail square

²⁸ <https://clutchhousevenues.com/rental/porsche-brooklyn/>,
<https://patch.com/massachusetts/cambridge/curtis-gilmore-honored-boston-preservation-alliance-awards>,
<https://www.fastcompany.com/90600477/why-this-toyota-dealership-is-turning-its-car-lot-into-apartments>

²⁹ https://www.icsc.com/uploads/research/general/US_CENTER_CLASSIFICATION.pdf

³⁰ https://cw-gbl-gws-prod.azureedge.net/-/media/cw/americas/united-states/insights/research-report-pdfs/2019/va_retail_sq-ft-per-capita_apr2019_final.pdf?rev=f23ba2c1da7641d2b2f1d8c62fe11b0d

feet per \$1 million of purchasing power, which is effectively the total amount of money within a certain region that can be spent on retail.

The study examined several geographies across the United States, including counties in California's Bay Area, Southern California, and New York. Excluding San Francisco as an outlier, due to its nature as a major tourist destination, the study found that as population and household densities increase the demand for retail increased as well. However, the study noted that as population and household densities increase, the ratio of retail square footage per capita or per household decreased.

Among the urban markets surveyed, the study found that the markets supported anywhere from 22 to 58 square feet of retail space per person, or 66 to 155 square feet per household. The study noted the per person levels can be applied to large urban submarkets or cities but should not be applied to the traditional three-mile trade area associated with a Neighborhood Center given the narrow scope of the geography. One study published by the Congress for the New Urbanism suggests that Neighborhood Centers need 6,000 to 8,000 households, or roughly 15,000 to 21,000 people, within a two-mile radius to properly support the retail in a Neighborhood Center.³¹

Using the 6,000 to 8,000 households estimate and 15,000 to 21,000 persons estimate, this suggests the two-mile radius surrounding a Neighborhood Center needs to have roughly 560 - 1,450 people per square mile to support the Center's retail. However, the quantified population needed to support Neighborhood Centers has been contested by researchers, with some suggesting as few as 500 households is sufficient.³²

Looking beyond population and housing densities, site selection criteria outlined by small, mid-sized and large retailers can provide insight into what factors support successful neighborhood retail.

- Prominent retailer Kohl's has various site selection criteria depending on the proposed size of the store. For a proposed location with between 80,000 and 90,000 square feet of retail space, Kohl's requires a trade area with a population between 200,000 and 250,000 persons, between 125,000 and 175,000 persons for a store with 55,000 to 65,000 square feet of space, and between 75,000-125,000 persons for a store with between 38,000 and 45,000 square feet of proposed space.³³

³¹ <https://www.cnu.org/publicsquare/primer-retail-types-and-urban-centersnewport>

³² <https://www.planning.org/pas/reports/report44/>

³³ <https://corporate.kohls.com/company/real-estate/new-store-sites>

- Whole Foods maintains a baseline requirement for having at least 200,000 people within a 20-minute drive of the location, for a store containing between 25,000 and 50,000 square feet.³⁴
- In addition to outlining a minimum population requirement of 45,000 in the trade area, Jersey Mike’s also requires there to be more than 10,000 daytime workers in the trade area, with an above average median income (\$50,000 or more), and a strong concentration of persons between the ages of 25 and 54.³⁵
- Aldi, a nationwide discount grocery chain that is not currently operating in Washington, requires a dense trade area population within a three-mile radius, and a daily traffic count exceeding 20,000 vehicles.³⁶
- Burlington, another well-known nationwide retailer, considers three trade areas of three, five and 10 miles, for urban, suburban and rural settings, respectively. The baseline population requirement is 150,000 for these areas, with a well-defined target of those earning middle incomes.³⁷

Drawing on aspects of the criteria presented above, Bellevue’s Newport Hills retail district currently possesses the population levels and population density required to support robust neighborhood retail. Newport Hills’ population density of 2,915 persons per acre within a two-mile radius greatly exceeds the generally preferred 1,450 persons per acre expected for a neighborhood retail center. Within a three-mile radius trade area, Newport Hills’ trade area population of 84,380 exceeds the Whole Foods requirement of 45,000 residents living within the trade area. However, when considering Newport Hill’s daily traffic count, the district falls short of Aldi’s requirement of 20,000 daily vehicles, most recently totaling about 6,000 vehicles per day.

Newport Hills possesses a reasonably high population density within the trade area, but many additional factors influence a Neighborhood Center’s viability. Factors including household income, access to major transportation infrastructure, and the competitive landscape with the presence of other retailers, may confound this calculus, as Newport Hills has not attracted significant retail development, likely due to extremely low traffic counts and retail competition to the north and south.

Key Findings

- Population densities for Bellevue retail districts included in this study ranged from between 2,378 (BelRed) and 15,743 (Downtown). Median Household Incomes were between \$89k (Newport Hills) and \$177k

³⁴ <https://www.wholefoodsmarket.com/company-info/real-estate>

³⁵ <https://www.jerseymikes.com/real-estate/requirements>

³⁶ <https://corporate.aldi.us/en/real-estate/property-requirements/>

³⁷ <https://www.burlington.com/real-estate/site-criteria/>

(Downtown). Median ages ranged from between 35.6 (Downtown) and 44.6 (Newport Hills), and retail expenditures per capita were recorded between \$34.5k (Downtown) and \$16.1k (Newport Hills).

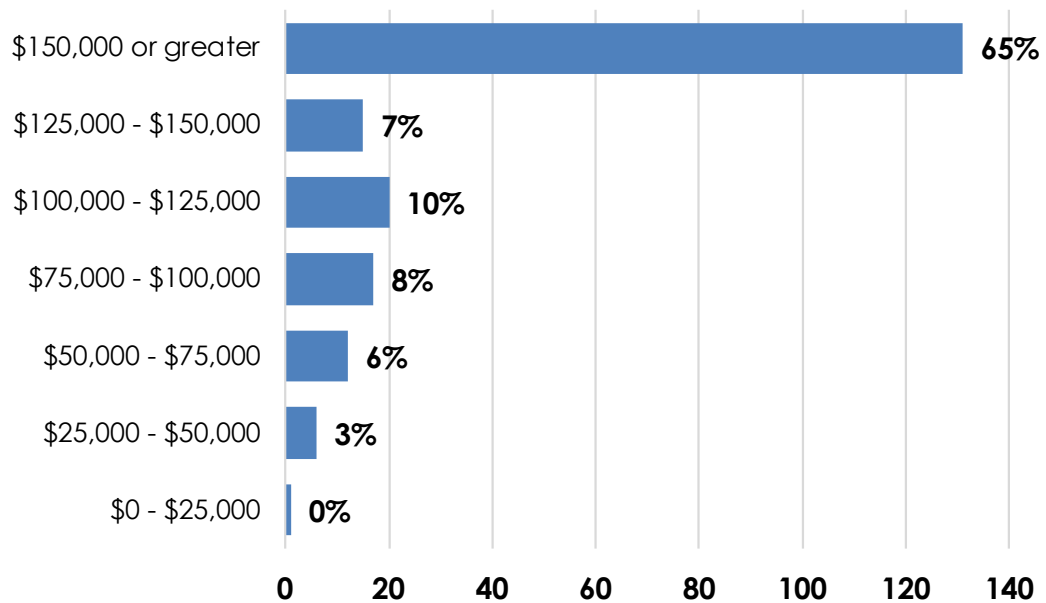
- Prominent ESRI tapestry demographic segments included *Metro Renters*, *Top Tier*, and *Enterprising Professionals*.
- Bellevue's Main Street mixed-use retail space and the prospect of future displacement facing automotive store both serve as salient case studies that highlight important ground-level issues facing Bellevue's retail economy over the short term.

STAKEHOLDER PERSPECTIVES ON RETAIL IN BELLEVUE

Survey Analysis/Findings

CAI conducted a survey of Bellevue consumers to better understand prevailing perceptions of retail offerings and gravity in the city. The survey received 214 responses in total. A smaller subset of this total sample responded to each question, with some respondents providing no response. **Exhibit 37** shows the income distribution of survey respondents.

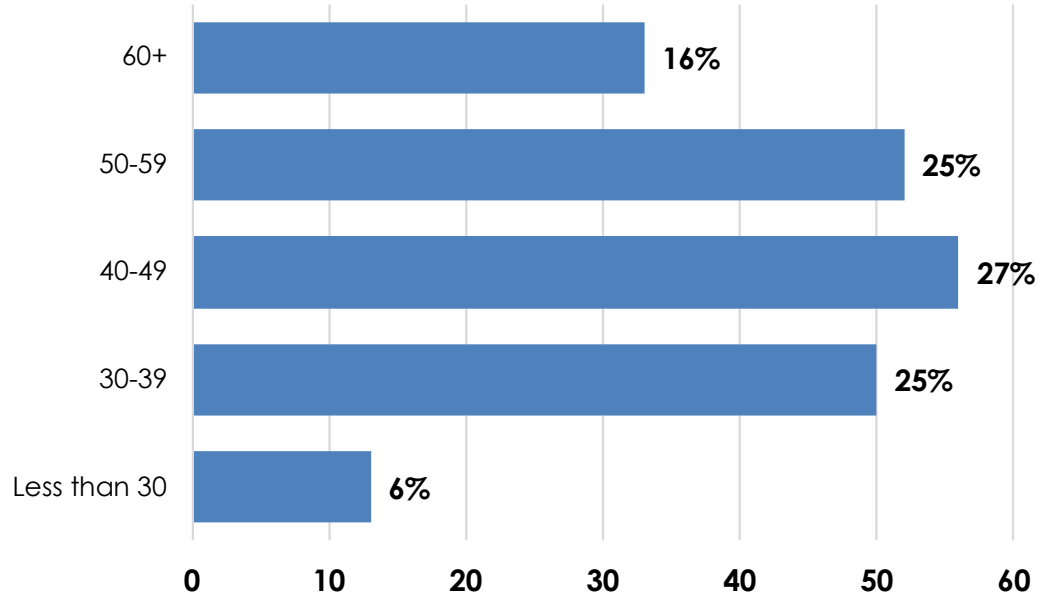
Exhibit 37. Bellevue Retail Survey Respondent Incomes (n=202)



Sources: Community Attributes Inc., 2023.

The majority of respondents enjoy a high household income, with 65% earning greater than \$150,000 annually. **Exhibit 3838** provides the age distribution of respondents.

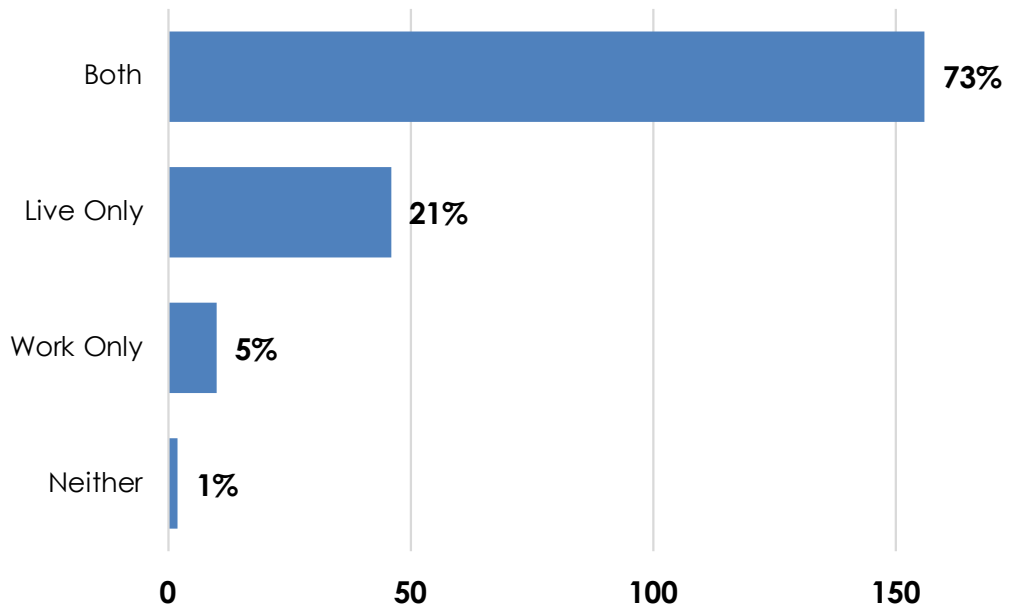
Exhibit 38. Bellevue Retail Survey Respondent Ages (n=206)



Sources: Community Attributes Inc., 2023.

Respondents, on average, tend to be middle-aged or older. More than half of the respondents are between the ages of 30 and 50. **Exhibit 3939** provides a breakdown of the geography of survey respondents.

Exhibit 39. Bellevue Retail Survey Respondent Geography (n=214)



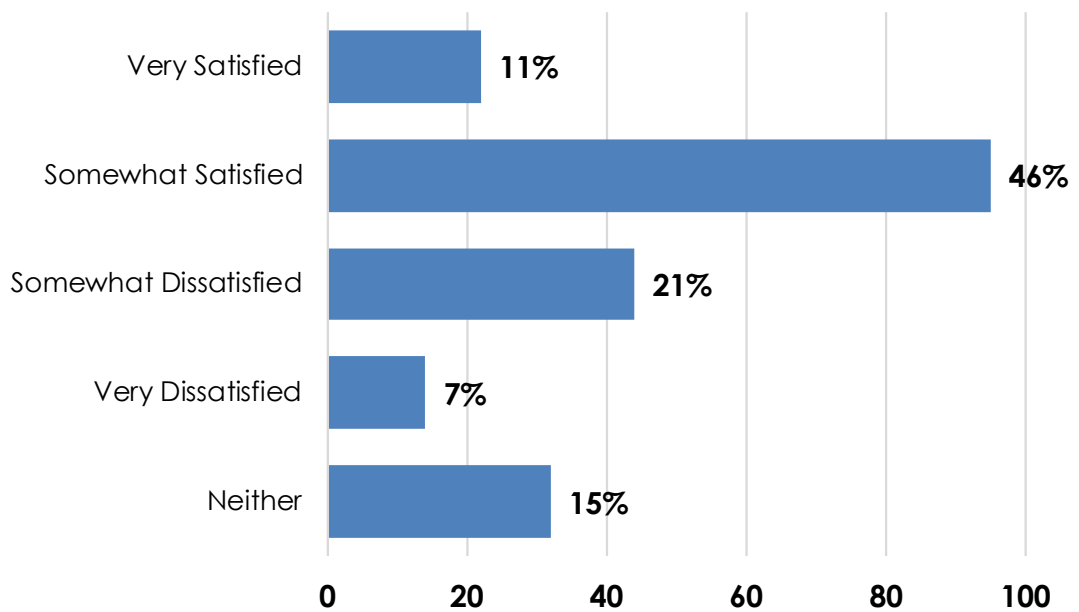
Sources: Community Attributes Inc., 2023.

A majority of respondents live and work in Bellevue. A smaller portion of respondents live in Bellevue and commute elsewhere in the Puget Sound region for work. This distribution signals that the survey response sample should provide a solid understanding of retail offerings in Bellevue with the majority of perspectives coming from local residents who spend most of their time living and shopping in the city.

Satisfaction with Retail Offerings

Several of the questions in the distributed survey were geared toward understanding how satisfied Bellevue residents and workers are with retail offerings in the city overall, and for specific retail sectors. **Exhibit 4040** provides a breakdown of survey responses, showing the proportion of respondents who are satisfied, dissatisfied, or indifferent with respect to the variety and volume of retail in the city.

Exhibit 40. Bellevue Overall Retail Satisfaction (n=207)



Sources: *Community Attributes Inc., 2023.*

Most respondents indicated they were somewhat satisfied with retail offerings in Bellevue, but over a quarter of respondents identified as somewhat satisfied or very dissatisfied with current offerings. 15% of respondents did not feel either satisfied or dissatisfied. CAI analyzed overall satisfaction with retail offerings against the reported ages of survey respondents to uncover new patterns in the survey data. This cross tabulation is provided in **Exhibit 4141**.

Exhibit 41. Bellevue Overall Retail Satisfaction by Age Group (n=197)

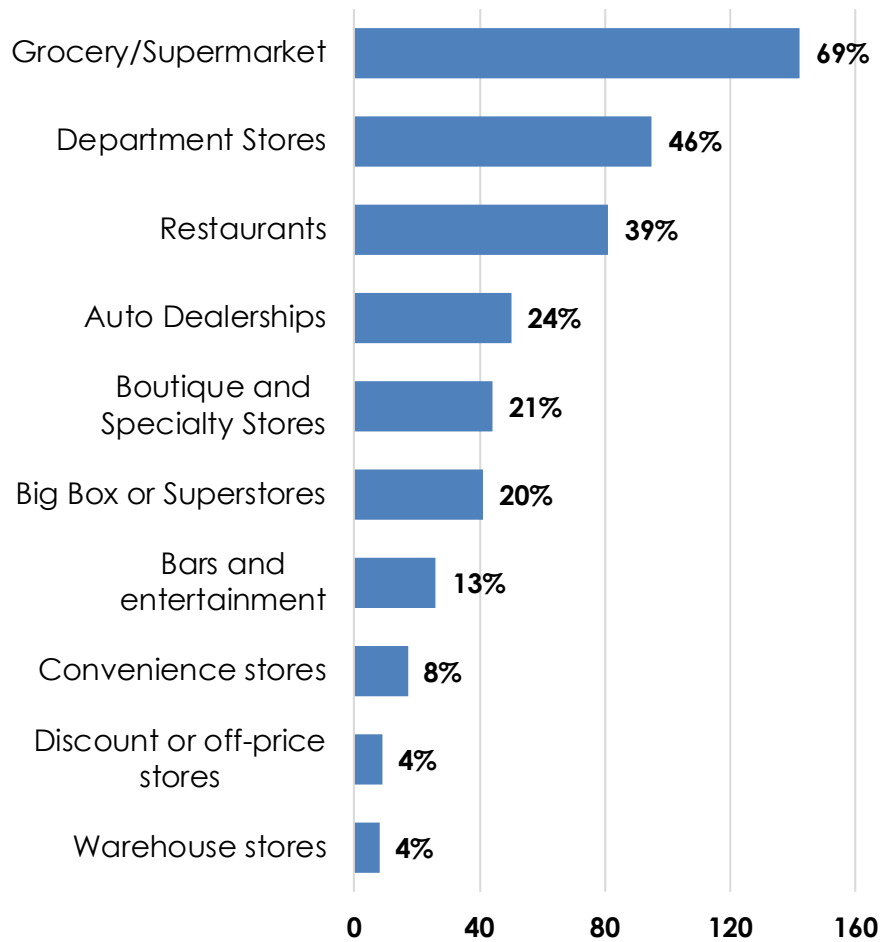
	Very Dissatisfied	Somewhat Dissatisfied	Neither Satisfied Nor Dissatisfied	Somewhat Satisfied	Very Satisfied	Total
<30	2	4	2	5	0	13
30-39	2	7	11	24	5	49
40-49	3	6	10	33	4	56
50-59	3	15	5	21	3	47
60+	4	10	1	9	8	32
Total	14	42	29	92	20	

Sources: Community Attributes Inc., 2023.

When overall satisfaction with retail offerings is broken down by age, key patterns emerge. Older respondents tend to be more dissatisfied with current retail offerings than middle-aged or younger respondents. Respondents in their 40s are more likely to be somewhat satisfied with current retail offerings than other age groups, though respondents in their 30s and 50s also expressed some satisfaction with retail offerings. Younger consumers in their 30s and 40s were also more likely to be indifferent to retail offerings in Bellevue.

CAI also questioned respondents regarding their satisfaction with specific retail sectors in Bellevue. Respondents were first asked to select up to three types of retail in Bellevue with which they felt the most satisfied and well-serviced. The results of this survey question are provided in **Exhibit 4242**.

Exhibit 42. Most Satisfactory Retail Types in Bellevue (n=207)

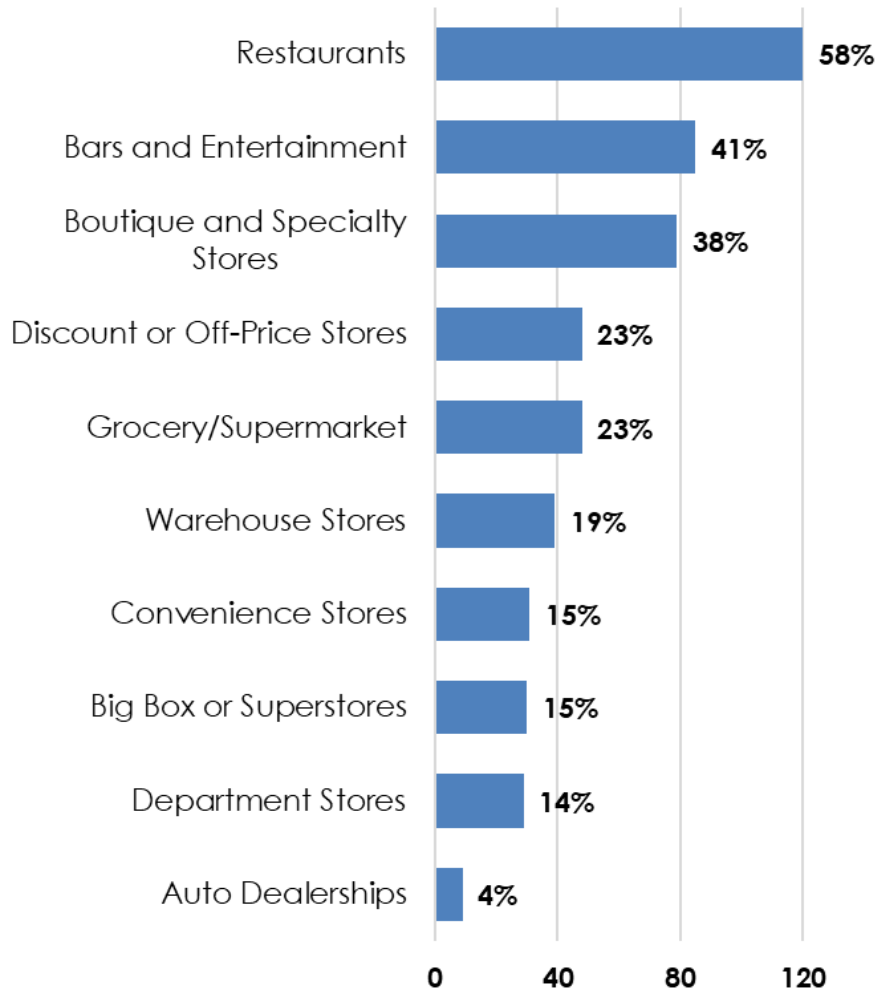


Sources: Community Attributes Inc., 2023.

Note: Proportions will not sum to 100% due to multiple selections allowed for each respondent.

Respondents indicated they were most satisfied with grocery, department stores, and restaurants in the Bellevue market. Discount and warehouse stores were rarely identified as a satisfactory offering in Bellevue. The city's higher incomes and demand for high-end offerings may offer some explanation for why these retail formats have not been built out in Bellevue previously. A similar question asking respondents to list up to three retail types with which they felt least satisfied with or were under-served in Bellevue reveals that restaurants, interestingly, are also indicated by respondents as an unsatisfactory offering in the city by a substantial margin. **Exhibit 4343** shows that bars and entertainment and boutique shops are also unsatisfactory for many respondents.

Exhibit 43. Least Satisfactory Retail Types in Bellevue (n=206)

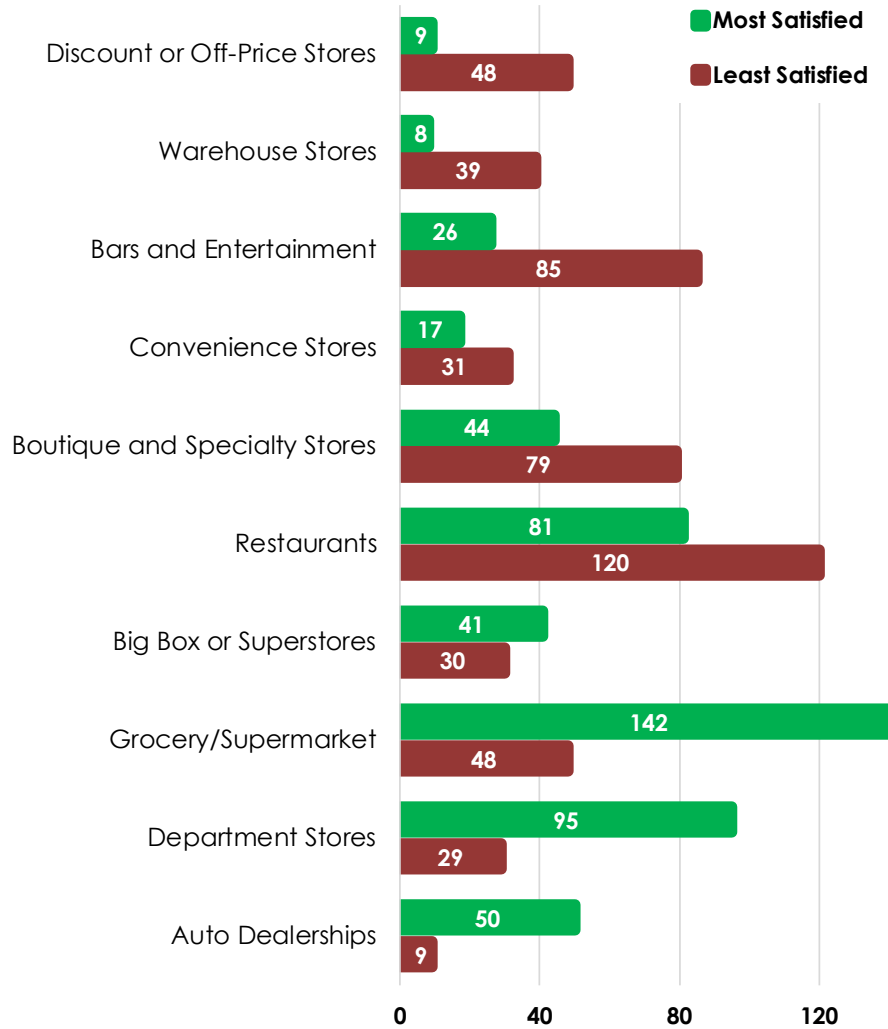


Sources: Community Attributes Inc., 2023.

Note: Proportions will not sum to 100% due to multiple selections allowed for each respondent.

By charting both the most satisfactory and least satisfactory retail types side by side, interesting patterns in how respondents agree or differ in their opinions are revealed. Restaurants are the retail type most often viewed as unsatisfactory by respondents, but when comparing responses to those that favor the sector we see there is no clear consensus that restaurant offerings in Bellevue are necessarily unsatisfactory. Conversely, respondents that selected discount stores or warehouses stores as an unsatisfactory offering seem to be generally in agreement that Bellevue is underserved.

Exhibit 44. Side-by-Side Comparison of Satisfactory and Unsatisfactory Retail Offerings in Bellevue

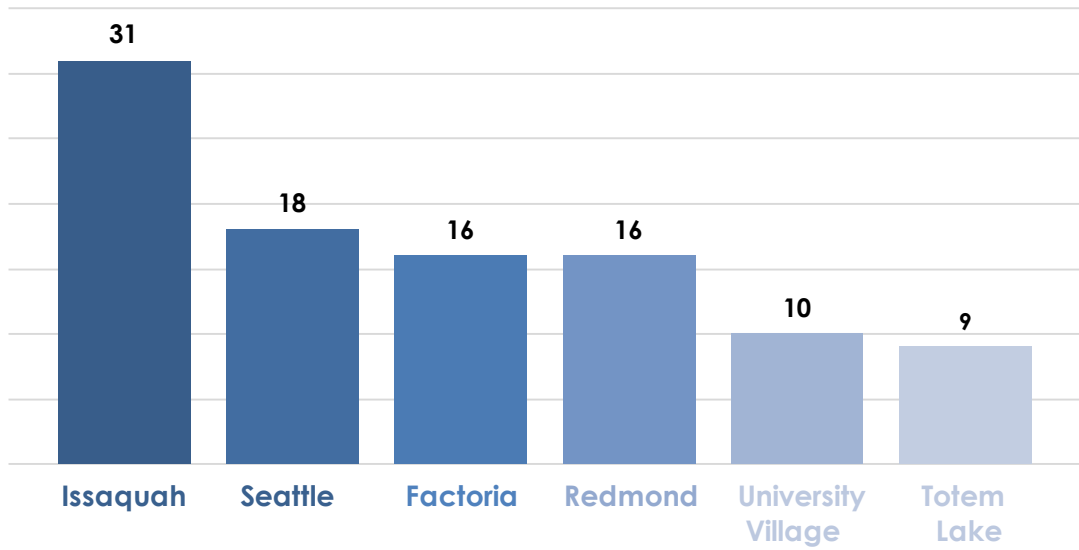


Sources: Community Attributes Inc., 2023.

Overall, survey respondents tend to agree that auto dealerships, department stores, and grocery stores are satisfactory in Bellevue. However, for other retail types such as big box stores, boutique shops and convenience stores, there is less consensus among respondents about whether the current offering in Bellevue is satisfactory.

To further contextualize overall satisfaction with retail offerings, CAI asked survey respondents to name other retail destinations in the region where they preferred to shop. A text analysis of the short responses provided by respondents highlighted five places where respondents tended to go for shopping needs outside of Bellevue. These locations are shown in **Exhibit 4544**.

Exhibit 45. Preferred Retail Destinations



Sources: Community Attributes Inc., 2023.

Many respondents favored Issaquah as a shopping destination, citing access to Target and Costco, ease of navigation, parking availability, walkability, store variety, and restaurant options as key forces of attraction for the center.

“Yes, Issaquah because they’re close together and you can engage in a mixture of accessing big box, specialty and restaurants that are also family friendly and have lots of parking.”

In addition to being the overall center of gravity for all commercial activity in the Puget Sound region, respondents also call out Bellevue’s vibrant arts areas, music, and culture. Respondents also pointed out that Seattle boasts better walkability, and a stronger offering of smaller independent shops. Seattle is also home to Pike Place Market, a major tourist attraction and retail center in the downtown area.

Factoria is mentioned as a retail center that is proximal and convenient for many respondents’ shopping needs but is also criticized by some respondents for its lack of diverse retail offerings and outdated, unappealing aesthetic.

“Factoria. It’s close, but the mall is dead. No exciting stores for years. The location is very good, but no good restaurants or retailers. The mall is always empty. The Crossroad mall is not that great either, but it has a food court or has a welcoming and community feeling. I wish the Factoria mall could be developed more like Crossroad or Totem Lake.”

Respondents praise the elevated retail offerings in Redmond, including Costco, Fred Meyer, Target, and Home Depot, all in close proximity. Respondents also mention that Redmond has a large and diverse offering of restaurants, is easier to navigate, and offers ample parking and walkability. University Village is also highlighted by respondents as an attractive alternative over Bellevue. Respondents favor the center’s open-air concept, store variety, and family-friendly offerings, and parking availability.

“I prefer shopping at University Village because it has more independent retailers, smaller unique shops, better restaurants. I also prefer to shop in downtown Edmonds, Capitol Hill, Fremont and Ballard because of the independent local retailers, and wide variety of non-chain restaurants.”

Several respondents also identified Totem Lake as a preferred retail destination. Respondents cite the restaurant offerings and diversity of retail as main attractions.

To provide additional context for overall retail satisfaction in the Bellevue market, CAI also asked respondents an open-ended question about which retail offerings or services they would like to see introduced to the city. Mining these responses revealed that there is strong support for the addition of a Costco Wholesale Club or Walmart Supercenter to the market. A greater diversity of restaurant and store offerings is also incident in the survey responses:

“Would love to see more multi-cultural dining opportunities in South Bellevue. Non-Starbucks coffee house, a non-sports bar with live entertainment on the weekend. I look at Fremont, Wallingford, etc as vibrant centers in their community that draw residents. Crossroads food court and entertainment when they have it is similar. Downtown Bellevue seems to focus more on really high-end shopping. Would like to see more mid-range shops and dining experiences. More multi-cultural dining and arts experiences would be great in outlying areas.”

Another salient issue prevalent in responses was the need for cultural amenities catering to live music and other performance arts:

“We currently lack any clubs/music venues, theater options etc. There's no Showbox/Neptune/Paramount, etc. to allow for concerts or events to take place. I'd like to see less chains in general and more focus on encouraging locally owned businesses including restaurants.”

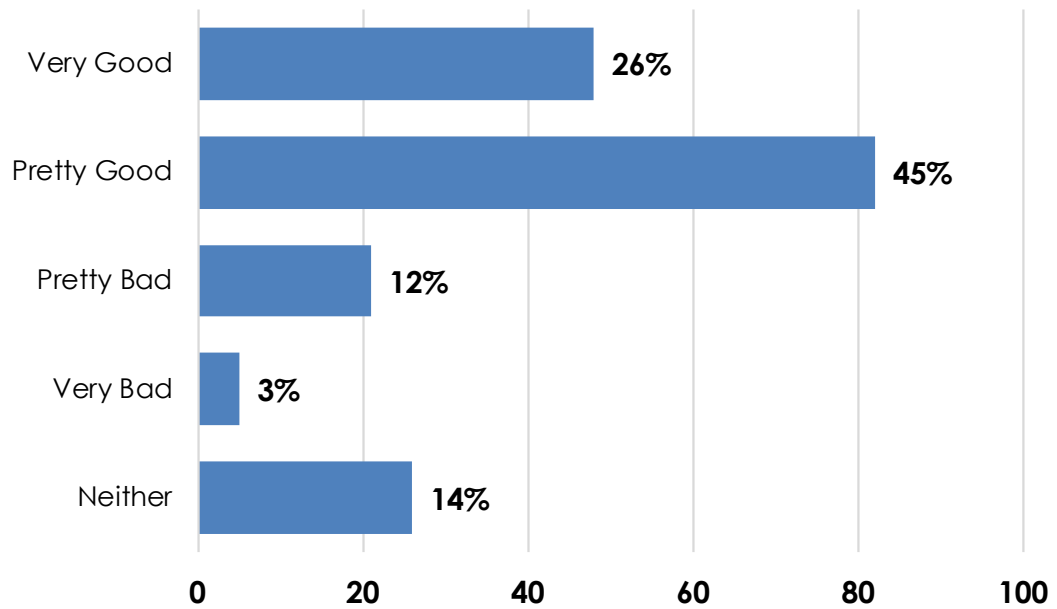
Retail District Insights

The final series of questions on the community survey were targeted at specific retail districts within Bellevue: Downtown, BelRed, Main Street,

Bellevue, Wilburton, and Newport Hills. Respondents were asked about how they currently perceive the retail offerings of each district.

Exhibit 4646 shows the distribution of prevailing perceptions of the Downtown retail district among respondents. Respondents familiar with the downtown retail district report that their impression of the retail offered in the district is, generally, favorable.

Exhibit 46. Downtown Retail District – Overall Perceptions (n=182)



Sources: Community Attributes Inc., 2023.

Respondents familiar with the district were also asked how the retail in the Downtown retail district could be improved. Salient issues uncovered in response to this open-ended question include parking availability, traffic, affordability, and diversifying retail offerings. Respondents call out an opportunity for this district to place a greater emphasis on local shops, and note additional potential for a larger format department store or Asian supermarket to succeed here. Some salient quotes are provided below:

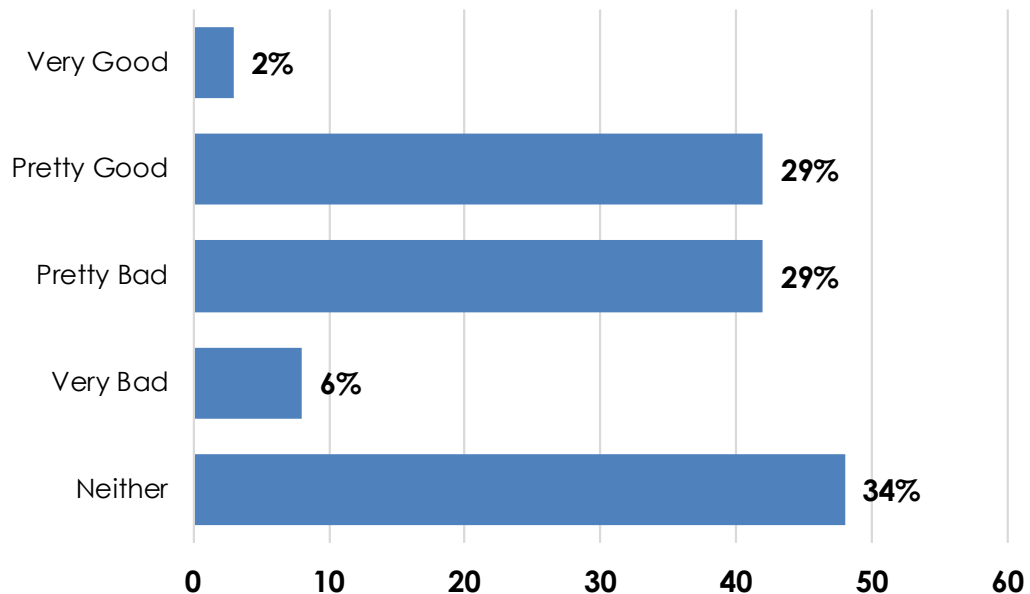
“We’re losing 8-10 small businesses with every major tower that’s going up, and they’re only being replaced by 1 or 2 giant businesses. Developers need to be incentivized to build more space for small businesses -- Park Row is a good example of this.”

“More street life, sidewalk cafes and building plazas, fountains, gathering places, human sized community spaces rather than street to sky facades and street canyons.”

“Make downtown Bellevue more walkable. Encourage smaller businesses to bring food, entertainment, cultural events in. Right now downtown is not very walkable, dominated by one mall filled with the same stores found in any mall. Downtown Bellevue empties out when no one is working in the offices. It’s a cultural desert.”

Exhibit 4747 shows the distribution of prevailing perceptions of the BelRed retail district among respondents. Respondents familiar with the BelRed retail district report that their impression of the retail offered in the district is very mixed, with an even split of respondents who view the district as pretty good or pretty bad.

Exhibit 47. BelRed Retail District – Overall Perceptions (n=143)



Sources: Community Attributes Inc., 2023.

Respondents familiar with the district were also asked how the retail in the BelRed retail district could be improved. Salient issues uncovered in responses to this open-ended question include parking availability, traffic, affordability, a lack of diversity in retail offerings, poor walkability, and concerns about the unhoused population in the area. Some salient quotes are provided below:

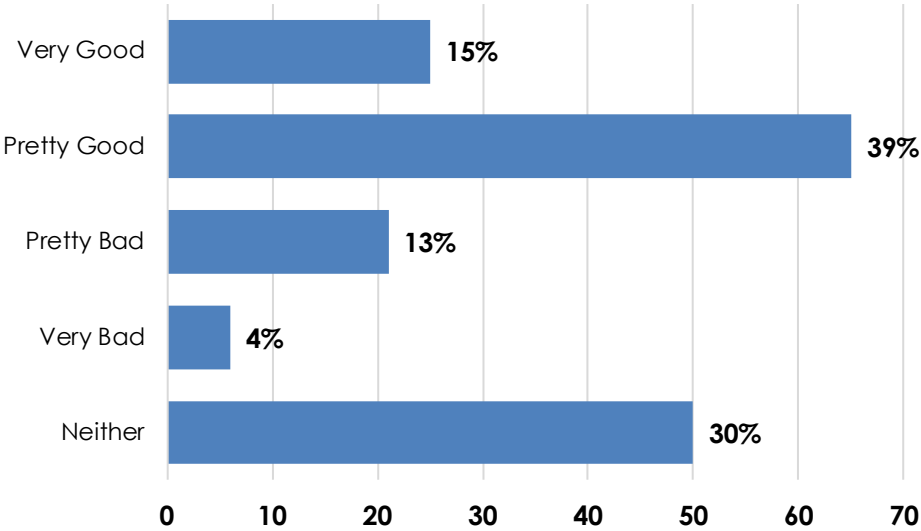
“The Redmond side of bel-red is pretty nice (walkable, bike lanes, parks) but the Bellevue side is a bit lacking (particularly just south of Overlake). Walking or biking in this area is very uncomfortable (cars go fast, little protection). Also most business you have to walk through a sea of parking to get to.”

“Affordable rent in the BelRed area will make it more attractive for many small businesses to relocate or get started. Especially appealing to a diverse community that's younger and focused on walking, cycling or light rail transportation options.

“Too much asphalt, not enough green space. Too much car infrastructure, not enough people-oriented places. There are some small, interesting businesses here but you would never know unless someone told you about one. It's not a place to wander and explore currently. BelRed needs TREES, less asphalt, less cars. Good bike and transit connectivity. Close some of the through-streets to cars, there are plenty of streets for cars around already. See what happens when you make a pleasant place for people to explore and linger. Light rail connectivity sets this up to be a fantastic destination if done well.”

Exhibit 4848 shows the distribution of prevailing perceptions of the Main Street retail district among respondents. Respondents familiar with Main Street report that their impression of the retail offered in the district is, generally, favorable.

Exhibit 48. Main Street District – Overall Perceptions (n=167)



Sources: Community Attributes Inc., 2023.

Respondents familiar with the district were also asked how the retail in the Main Street retail district could be improved. Salient issues uncovered in responses to this open-ended question include parking availability and traffic congestion. Notably, Main Street received more positive praise in the open-ended discussion than other districts, with respondents enjoying the aesthetic of the district, walkability, and overall sense of place. Respondents call out an opportunity to increase unique boutiques and restaurants, particularly breweries, in the future. Some salient quotes are provided below:

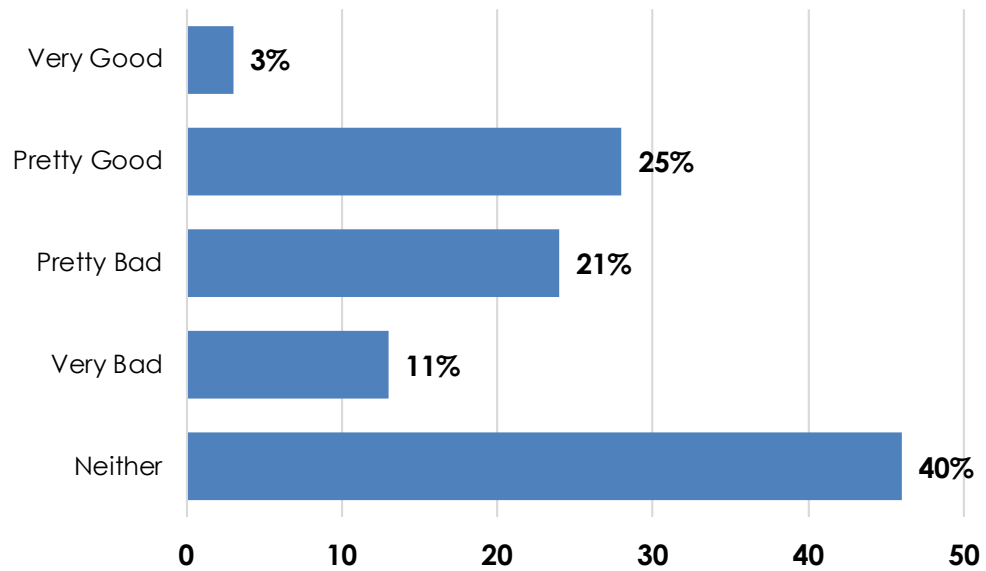
“Main Street is one of my favorite places in the area to walk around. I don’t usually buy a lot there because it’s overpriced and the selections aren’t trendy.”

“I think it’s sweet. It’s got some wonderful, special spots (the local cooking store, 2 independent jewelers, the bakery, decent restaurants) and I’d likely frequent it more if I could walk there from my home. Maybe increase the walkable vibe by closing it off to cars on predictable days and holding arts events or a high-quality crafters market?”

“This is human sized, invites walking and browsing and retail interaction, has charm, outdoor seating and community feel. The barriers used for the restaurant ‘streeteries’ are terrible and ugly and rather than add charm make the street look like a construction zone. There must be a better way...”

Exhibit 4949 shows the distribution of prevailing perceptions of the Wilburton retail district among respondents. Respondents familiar with Wilburton report that their impression of the retail offered in the district is, generally, indifferent. Some respondents perceive the district as pretty good, others view it as pretty bad, with a substantial proportion of respondents having no strong opinion on the district.

Exhibit 49. Wilburton District – Overall Perceptions (n=114)



Sources: Community Attributes Inc., 2023.

Respondents familiar with the district were also asked how the retail in the Wilburton retail district could be improved. Salient issues uncovered in responses to this open-ended question include parking and walkability. Wilburton stands in stark contrast to other districts which tend to have a shortage of parking space. Wilburton is identified by respondents as an area with too much parking space. Respondents punctuate the need for more local businesses in this space, and less concrete. An additional issue revealed by this open-ended question signaled that many consumers in the market simply do not identify Wilburton as a retail ‘destination’, with several respondents sharing they had no idea that Wilburton had retail offerings. This reflects the smaller localized trade area of Wilburton that primarily captures only the neighborhood surrounding the retail center. Some salient quotes are provided below:

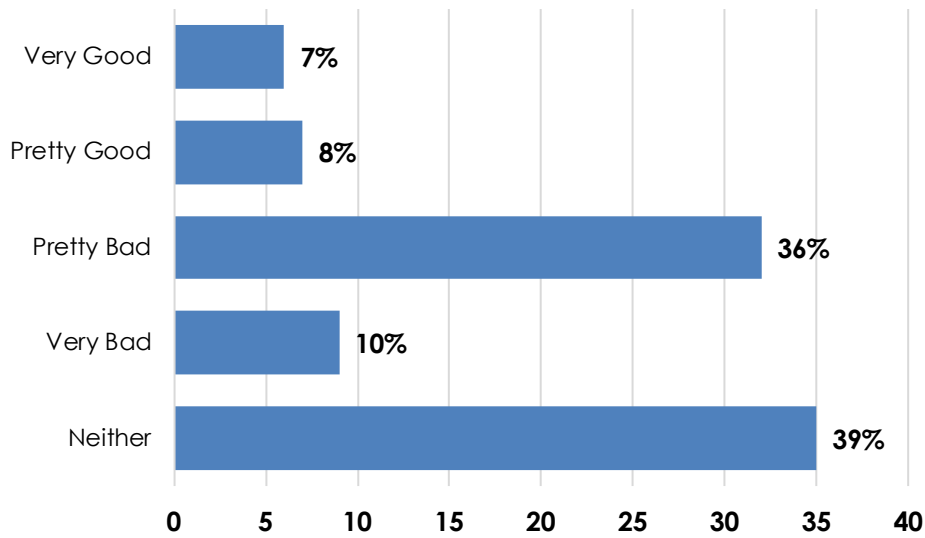
“Make it a people-oriented place. The parking lots are massive... We need more smaller businesses closer together, with priority for PEOPLE not vehicles. The newer Target/PCC/DandB development is much better but the massive parking garage is insane. Keep the garage and fill the surface lots with more smaller businesses, housing, plazas, greenery. Wilburton needs street trees! And fantastic bike and transit connectivity. It has the potential to be an amazing place that people through the region would want to come to spend time and money in. The trail connectivity creates tons of potential for this to not be a loud, dangerous, unpleasant car-dominated space.”

“Not walkable at all. Strip malls and a couple of anchor grocery and retail stores means that there are huge parking lots separating destinations from what's soon to be a transit hub with light rail and Eastrail trail coming.”

“I think it has already been improved greatly with the addition of target, the Trader Joe's and home goods.”

Exhibit 5050 shows the distribution of prevailing perceptions of the Newport Hills retail district among respondents. Respondents familiar with Newport Hills report that their impression of the retail offered in the district is, generally, indifferent. Some respondents perceive the district with indifference, others call out the district as pretty bad.

Exhibit 50. Newport Hills District – Overall Perceptions (n=89)



Sources: Community Attributes Inc., 2023.

Respondents familiar with the district were also asked how the retail in the Newport Hills retail district could be improved. Salient issues identified from open-ended questioning about how the district could be improved in terms of retailing signal the need for a new grocery offering to be added. Concerns were also raised about pedestrian safety and walkability. Respondents indicate that the shopping center should be re-developed to improve its façade and aesthetic. A renewed focus should be on localizing the center to drive traffic from the immediate neighborhood surrounding the center. Some salient quotes are provided below:

“Definitely not a destination unless your kid is in baseball and needs batting practice. This retail core barely serves the neighborhood. It needs an update to the structure, some sort of smaller grocery store (Trader Joes or Aldi) , some sort of broader range community/entertainment like a library or bookstore or toy or sports store, and bigger/nicer restaurants or at least a coffee shop or brunch spot.”

“Make it easier to get there without a car. Make it safer and easier to move around downtown without having to contend with so many cars.”

“Newport Hills has a variety of well-loved neighborhood businesses - despite the aging buildings and lack of attention from the owners. It would be great to add a coffeshop/cafe that could be another community hub. I think it would get a lot of business from the surrounding neighborhoods.”

Interviews and Focus Group Findings

CAI conducted in-depth focus groups with local retail professionals and stakeholders in the retail health of Bellevue to dive deeper into prevailing trends and sentiments surrounding the overall performance of retail in the Bellevue market. In total, five focus groups were conducted between late June and early July. Retail industry and community leaders participating in each focus group came from five different areas of practice:

- Auto sales and service
- Multi-cultural and ethnic retailing
- Commercial real estate
- Luxury and Clothing
- Small Businesses and Restaurants

Focus group participants were asked to share their firsthand perspectives on the following topics salient to Bellevue's success as a retail destination:

- *What makes Bellevue attractive?*
- *What challenges does Bellevue's retail industry face?*
- *What opportunities could Bellevue offer the retail community?*

The following subsections provide a brief summary of the findings from each focus group, with a final section presenting perspectives and issues brought up across multiple focus groups.

Auto Sales and Service

Stakeholders in the auto sales and service space call out several positive forces in the Bellevue market for driving traffic and sales to auto service and sales establishments. These positive forces are tied primarily to the physical characteristics of the sites that auto establishments have been able to locate at. Points of ingress and egress are generally clear and easy to access for auto sales and service establishments. Their stores also have excellent visibility and access to major thoroughfares in the market.

Current challenges faced by auto sales and service establishments include vehicle delivery accessibility, and the security of their properties and customer vehicles. Participants in this focus group cite ingress/egress, topography, and ease of loading and unloading vehicles as critical needs for their operations. Intervening road structures, including medians, landscaping, and other features have adversely impacted freight drivers' ability to enter auto service and sales properties for shipments. This, in turn, implicitly impacts the safety of other motorists on the roadway. Participants

in this focus group have also incurred additional costs to hire security in the evening hours to protect inventory and the vehicles of customers visiting their stores.

Certainly, electric vehicles mark the most outstanding opportunity for auto sales and service establishments to seize upon in the future. The development of these vehicles has served as a conduit for new adjacent technologies and other changes in the automotive industry. E-commerce has also had a marginal impact on the day-to-day of the business. However, despite customers pivoting to online purchasing, test drives and routine servicing are still driving traffic to establishments. Participants in this focus group were also excited about the future of sustainable infrastructure and architecture as electrical vehicle charging needs increase exponentially over time. To fully leverage this opportunity, however, investment is required to make buildings more sustainable and amply equipped to support electric vehicles.

Multicultural and Ethnic Retail

A portion of participants from the Multicultural and ethnic retail focus group are not located in Bellevue proper, but certainly perceive Bellevue as the place to reach a multi-cultural community. Further interviews reveal a perception that Bellevue contains large communities of all kinds of different cultures, but integration between cultures is uncommon.

Stakeholders describe affordability as the primary issue facing multicultural retailing, driven heavily by the local business tax. This affordability issue punctuates the need for a mediator between multi-cultural retail tenants and landlords, particularly newer landlords who purchase the properties they occupy. Tenant improvement support is also needed, as many multi-cultural retail establishments do not have a developer or other high-gravity business as an anchor tenant for their centers.

A variety of outstanding opportunities for multi-cultural retailers were identified in the focus group. Participants discussed the potential of incentive programs for BIPOC and LGBTQIA+ owned businesses and fostering increased networking and community engagement among those businesses. Participants also highlighted the need for additional grants, lower loan interest rates, and tax breaks that will allow new businesses to successfully scale to financial stability. There is also an opportunity to further empower small non-profit organizations, particularly outside the social services sphere, that are embedded in the Bellevue community. The Small Business Resiliency Network (SBRN) was identified as an appropriate channel for this. Some discussion also turned to anti-displacement policies or exclusionary clauses that would ensure small businesses are not displaced when net new development occurs, particularly from larger regional or national chains.

Individuals in this focus group also noted that they tend to feel safer on the east side of Bellevue than the west side.

Barriers to Entry

Discussions among various focus groups of stakeholders in Bellevue revealed important issues of equity and barriers to entry for prospective retail proprietors and entrepreneurs in the market. These issues are particularly impactful for historically marginalized and excluded peoples.

Currently, the highest barrier to entry in Bellevue is the economics of starting and sustaining a net new business. Focus group participants called out local business taxes as a key driver for stalling or stopping the development of novel retail concepts in the market. High interest rates on loans, and a lack of subsidies and grants for entrepreneurial endeavors are also issues at play in bringing new shops to Bellevue. Focus group participants from the commercial real estate space also identify high labor costs as a prevalent challenge for retailers of all sizes. The ability to hire talent to operate and stock stores is essential for local shops, and the availability of labor (or lack thereof) is a key consideration for proprietors and entrepreneurs looking to start new ventures. All of these economic hurdles are particularly challenging to overcome for persons who come from marginalized or disadvantaged backgrounds, including members of BIPOC or LGBTQIA+ communities.

Other barriers to entry are tied to the dynamics of individual shopping centers within the Bellevue market. Tenant improvement support is needed to ensure that multi-cultural retail establishments can source foot traffic from the gravity of co-located tenants or amenities that attract a critical mass of visitation. However, focus group participants also stress that anti-displacement policies and exclusionary clauses are needed to prevent larger national and regional chains from co-locating with local shops. The wider variety and lower costs of these larger retailers can often threaten local businesses. This is an important balance to strike to preserve local shops. Local shopping centers and retail nodes should be optimized to allow neighborhood stores to thrive and siphon traffic from larger retailers or attractions without the fear of displacement from a national or regional chain who offers similar products or services.

Commercial Real Estate

Participants in the commercial real estate focus group praised Bellevue as the top choice for up-scale retail in the region, with an offering that attracts shoppers and compliments everyday retail needs. Bellevue's healthy mix of smaller local restaurants and chain eateries was also identified as a key boon for the market. Further, Bellevue has a greater sense of safety and security than Seattle.

The most salient issues for the real estate focus group were personnel needs for retailers and restaurants in the market, and issues of accessibility impacting both labor supply and retail consumption. The high cost of labor and issues of accessibility to work via public transit hamper the market, to the point that some participants claimed the labor market in the region is more distressed than the Bay Area. An additional issue facing retail in general for Bellevue is the movement of people. This issue really extends beyond labor and impacts visitation and sales volumes. The light rail is not accessible enough, and there remains a significant imbalance of parking spaces in Bellevue. Many spaces are too compact for consumer vehicles, and the accessibility of parking (or lack thereof) is often a dealbreaker that bars customers from visiting local establishments.

A key opportunity called out by the real estate focus group was capitalizing on entertainment, performance arts, and farmers markets to boost and diversify regional draw for retail spending in Bellevue. A greater emphasis on placemaking is needed in Bellevue to incentivize consumers to spend their time and dollars enjoying local establishments and cultural amenities. This approach has potential to particularly benefit local, independent businesses. It's worth noting that this finding is consistent with the insights obtained from field research and survey analysis as outlined in other sections of this report.

Luxury and Clothing

One store owner was able to attend the Luxury Retail focus group and provided perspectives from fellow luxury retailers located in *The Shops at the Bravern*. Store owners perceive Bellevue as a quality location for luxury retail because of the concentrated wealth in a small zip code and surrounding area, citing anecdotes of Seattle residents traveling to the luxury retail in Bellevue. In addition, they see Bellevue as the better option in the region due to public safety, low crime, and high volume of shoppers. These factors together allow the luxury retail small business to strongly compete with department, company, and online stores.

The luxury retail owners are challenged by organized crime and disconnected retail hubs in the Bellevue area. Due to the high-value inventory, many of the luxury retailers in the Bravern have been hit by major theft events regularly. However, the retailer did reflect that Bellevue Police Department is highly responsive to security needs, but the theft challenges continue. Repeated insurance claims are not an option, because then a store can become uninsurable, so often the stores will not submit claims unless the catastrophic is enough to justify the claim. Additionally, the retailer highlighted the disconnect between retail and restaurant areas in the city, highlighting a lack of secure transit options for luxury shoppers.

A key opportunity the retailer highlighted was easier and more affordable tax filing services with the city and state. Luxury retailers collect significant sales taxes for the city and state but struggle with expensive e-filing or tedious paper filing. A more efficient and affordable e-filing service would allow the retailers to move sales tax collections to the city and state more efficiently.

Interviewees suggest that the relationship between the City and brands, or individual retailers/merchants is essential for growth and success. As brands feel supported by the City, they are more willing to invest and expand in their location, which contributes to placemaking. An example of successful communication in this area is a Merchants Association.

Small Businesses and Restaurants

Stakeholders in the small business and restaurants focus group sought out Bellevue a decade or more ago because their businesses required large square footage at an affordable price. They also reflected that Bellevue is attractive because of residents' level of discretionary income. Their businesses offer unique entertainment and food close to home for these consumers.

The focus group did reflect on large concerns surrounding their ability to sustain their businesses as Bellevue grows, develops, and affordability decreases. An emphasis was placed on both the benefit of the transit opportunities – bringing more consumers into the area – but also resulting in being pushed out as leases become less affordable and their properties are sold and redeveloped. An additional issue facing these small businesses is resources and small business support in business districts outside of Downtown Bellevue. Retailers are concerned about high vacancies in their area, walkability, and ample parking availability.

The focus group identified several opportunities to support small businesses in Bellevue that add to the culture and vibrancy of the city. They noted there is significant vacant office space that could be matched up with businesses looking for affordable space. Programs that specifically support small businesses, especially outside of Downtown Bellevue, such as models used in the Seattle Restored program or River North Art District in Denver. They also recommended, where there is interest to grow community vibrancy, to partner with small businesses to build these districts of interest. This desire to build cultural and arts vibrancy was additionally echoed by the Commercial Real Estate focus group, and an opportunity may exist to collaborate, given the shared interest.

Shared Findings Across Focus Groups

Several headwinds facing Bellevue were discussed by multiple focus groups, signaling that these issues may be particularly relevant for improving Bellevue as a retail destination. All focus group participants agreed that high costs of rent have created a prohibitive environment for attracting new and growing retail. High local property taxes have also burdened tenants' ability to keep pace with their leases, and complicated developers' ability to charge optimal rents. Tower developments in the market have also forced retailers to pay homeowners' associations and other residential costs for operating in neighborhood areas.

Generally, participants feel that local regulations are impeding growth and retail sustainability in Bellevue. Limitations to parking, drive-through lanes, obstructed visibility from roads, and restricted signage are all high barriers for retail real estate. Focus group participants argue that the regulation process must be streamlined and communicated clearly to entrepreneurs and proprietors, a sentiment was echoed by stakeholder interviews. Participants from the multi-cultural and real estate focus groups also call out high vacancy rates in the Bellevue market. Developers and landlords are often forced to pitch extremely high rent rates with little room for negotiation. This drives away prospective tenants, particularly local businesses. Those vacant spaces ultimately reduce traffic to their respective centers and affect the bottom line of other tenants in the space.

Key Findings

- Overall, survey respondents are somewhat satisfied with retail offerings in Bellevue. Satisfaction levels vary by age group, and varying degrees of consensus exist among consumers about which retail types are satisfactory. Issaquah is identified as the most preferred retail destination outside of Bellevue.
- Survey respondents expressed generally favorable views of retail offerings in Main Street and Downtown districts. Views on BelRed and Wilburton were generally mixed, while views on Wilburton tended to be poor or indifferent.
- Focus groups with various stakeholders in the Bellevue retail economy reveal key issues and opportunities across Bellevue's retail landscape. Automotive retailers are concerned with issues of security, and eager to capitalize on opportunities presented by a blooming EV market. Stakeholders in the commercial real estate space call out labor shortages and hiring challenges as an essential issue to tackle to ensure success for retailers across sectors.
- Retailers from a variety of spaces, particularly marginalized and multi-cultural groups, identify a pressing need to lower barriers to entry to ensure the sustainability of new retail concepts in the city.

These barriers are derived from labor challenges, taxation, and regulation.

Key Findings Across Interviews

- According to interviewees, revitalization of shopping districts through mixed-use buildings and collaboration between merchants should be a priority. Emphasis is on the need for a more diverse mix of community services and active uses, beyond traditional retail stores. Interviewees also describe the need to enhance the pedestrian experience and create more authentic, independent retail spaces.
- Interviewees describe empty interior spaces being redeveloped to create a more attractive environment for retail. However, redevelopment of existing interior spaces is challenging due to restrictions and zoning codes. Interviewees suggest standards should be relaxed along with restrictions for permitting, such as allowing temporary uses like food trucks and shipping containers.
- Parking requirements in Bellevue are perceived as onerous and present barriers to development. Decision-making regarding parking requirements appears subjective and depends on individual planners, making it challenging for developers.
- Competition between shopping centers in the area is strong, with factors like accessibility and location influencing success. Understanding trade areas and competition are essential for property owners and developers. Close-knit merchant associations are a powerful tool to provide retailers with mutual support and influence.
- Interviewees describe superblocks and zoning codes posing challenges for creating a connected and attractive retail environment. They desire a more cooperative permit processes and a more developer-friendly environment.
- Appropriate planning and infrastructure is described as essential to accommodate the projected density and increase in traffic. However, interviewees also emphasize the need to address community opposition to development projects, highlighting the role of community groups.

ACCOMMODATING FUTURE RETAIL GROWTH

This section of the report presents quantitative analysis to estimate the potential retail growth that the City of Bellevue may anticipate, as well as the city's ability to accommodate this growth based on current land availability, zoning and development regulations.

Supportable Retail Growth and Capacity to Accommodate Growth

The following analysis identifies supportable retail growth in Bellevue. It is important to note that this analysis does not account for macro-economic changes in the retail landscape or consumer behaviors resulting from e-commerce trends. As of 2022, taxable retail sales attributable to motor vehicle and parts dealers represented nearly one-third, or \$1.6 billion, of the city's total taxable retail sales (**Exhibit 5151**). Other industries that reported high levels of taxable retail sales include:

- Sporting goods, hobby, musical instrument, book, or miscellaneous retailers (15% of total taxable retail sales)
- Food services and drinking places (13%)
- Clothing and clothing accessory stores (11%)
- Furniture, electronics, and appliance retailers (10%)

More than 80% of Bellevue's taxable retail sales are attributable to the industries listed above.

Exhibit 51. Taxable Retail Sales by Industry, City of Bellevue, 2022

Industry	2022 Taxable Retail Sales	% of Total
Motor Vehicle and Parts Dealers	\$1,634,109,000	32%
Sporting goods, hobby, musical instrument, book, and miscellaneous retailers	\$768,368,200	15%
Food Services and Drinking Places	\$672,407,000	13%
Clothing, clothing accessories, shoes, jewelry, luggage and leather goods retailers	\$585,449,900	11%
Furniture, Home Furnishings, Electronics, and Appliance Retailers	\$491,881,700	10%
Accommodation	\$223,612,800	4%
Building Material and Garden Equipment and Supplies Dealers	\$183,362,400	4%
General merchandise retailers	\$171,568,700	3%
Food and Beverage Retailers	\$114,754,800	2%
Health and personal care retailers	\$114,471,400	2%
Amusement, Gambling, and Recreation Industries	\$101,415,300	2%
Gasoline stations and fuel vendors	\$30,647,000	1%
Performing arts and spectator sports	\$5,057,000	0%
Museums, Historical Sites, and Similar Institutions	\$197,600	0%
Total	\$5,097,302,700	100%

Sources: Washington State Department of Revenue, 2023; Community Attributes Inc., 2023.

The analysis compares Bellevue’s per capita taxable retail to regional levels to assess any retail spending that may be “leaking” outside of Bellevue. Generally, Bellevue’s per capita retail sales were strong and exceeded regional levels. In 2022, motor vehicle and parts dealers reported the largest retail surplus per capita, while the general merchandise retailer industry is the only industry to report retail leakage for Bellevue (**Exhibit 5252**). High levels of retail surplus suggest the City of Bellevue is a retail destination for residents living in the cities included in the regional definition.

Exhibit 52. Retail Surplus/Leakage by Industry, City of Bellevue, 2022

Industry	2022 Per Capita Taxable Retail Sales		Bellevue Surplus/Leakage
	Bellevue	Region	
Motor Vehicle and Parts Dealers	\$10,620	\$6,280	\$4,340
Sporting goods, hobby, musical instrument, book, and miscellaneous retailers	\$4,990	\$4,160	\$830
Food Services and Drinking Places	\$4,370	\$3,300	\$1,070
Clothing, clothing accessories, shoes, jewelry, luggage and leather goods retailers	\$3,800	\$2,050	\$1,750
Furniture, Home Furnishings, Electronics, and Appliance Retailers	\$3,200	\$2,760	\$440
Accommodation	\$1,450	\$840	\$610
Building Material and Garden Equipment and Supplies Dealers	\$1,190	\$1,030	\$160
General merchandise retailers	\$1,110	\$1,700	(\$590)
Food and Beverage Retailers	\$750	\$660	\$90
Health and personal care retailers	\$740	\$650	\$90
Amusement, Gambling, and Recreation Industries	\$660	\$490	\$170
Gasoline stations and fuel vendors	\$200	\$190	\$10
Performing arts and spectator sports	\$30	\$20	\$10
Museums, Historical Sites, and Similar Institutions	\$0	\$0	\$0
All Industries	\$33,120	\$24,130	\$8,990

Sources: Washington State Department of Revenue, 2023; Washington State Office of Financial Management, 2023; Community Attributes Inc., 2023.

Bellevue’s steady positive net absorption, especially following heavy retail delivery indicates consistent demand for retail real estate spaces. Assuming per capita retail spending will remain constant, forecasted population growth for the City of Bellevue suggests the city will be able to accommodate anywhere from an additional 1.8 million square feet to 5.6 million square feet of retail space by 2044, depending on the level of growth experienced. The analysis considers the OFM forecasted population rates, in addition to the level of population growth associated with the adopted housing target allocation assigned to Bellevue by King County. The analysis factors in current vacancies within Bellevue and utilizes the current level of taxable retail sales to total square feet of inventory (\$500 per square foot) to arrive at total supportable retail growth (**Exhibit 5353**). To support this increase in

retail space, Bellevue will need to continue to capture the spending from residents living in surrounding cities.

Exhibit 53. Potential Supportable Retail Growth, City of Bellevue

Supportable Retail Growth (2022 - 2044)	OFM Forecasts	King County Housing Allocation Forecast
Additional Retail Spending Given Population Growth		
Population Growth		
Estimated Population Growth (2022 - 2050)	29,885	87,500
Taxable Retail Sales		
2022 Estimated Taxable Retail Sales	\$5,097,302,700	\$5,097,302,700
2022 Population - City of Bellevue (OFM)	153,900	153,900
<i>2022 Taxable Retail Sales per Capita</i>	<i>\$33,100</i>	<i>\$33,100</i>
Additional Retail Spending		
Estimated Population Growth	29,885	87,500
2020 Taxable Retail Sales per Capita	\$33,100	\$33,100
<i>Estimated Additional Retail Spending</i>	<i>\$989,179,219</i>	<i>\$2,896,250,000</i>
Supportable Retail		
Supportable Retail Square Feet*	1,978,400	5,792,500
Less Vacant Retail Square Feet	152,460	152,460
Estimated Supportable Retail Square Feet	1,825,940	5,640,040

Sources: CoStar, 2023; Washington State Office of Financial Management, 2023; Washington State Department of Revenue, 2023; Community Attributes Inc., 2023.

*Assumes Sales at \$500/sf

An important consideration for supportable retail growth is a city’s ability to accommodate needed growth. A King County study conducted in 2021 reported that Bellevue had about 474 acres (20.6 million square feet) of vacant or redevelopable land zoned for commercial or mixed-use development. Bellevue’s estimated supportable retail growth through 2044 of 1.8 to 5.6 million square feet would represent 9-27% of current vacant or redevelopable land zoned to accommodate commercial uses.³⁸ The following section further discusses how capacity will impact supportable retail growth.

Capacity Analysis

Retail Categories by Zone

Generally, Bellevue’s General Commercial and BelRed General Commercial (GC, BR-GC), Community Business (CB), BelRed Commercial Residential (BR-CR), and Factoria Land Use District 1 (F1) are the most permissive commercial zones in terms of allowable retail uses by right (**Exhibit 5454**). Of the 24 categories of retail described in **Exhibit 5454**, all are permitted by-

³⁸ <https://kingcounty.gov/~media/depts/executive/performance-strategy-budget/regional-planning/UGC/KC-UGC-Final-Report-2021-Ratified.ashx?la=en>

right in the GC and BR-GC zones except movie theatres (in GC), funeral homes, and department stores (in GC); marijuana retail is an administrative conditional use here and in the two other zones where it is permitted. The CB zone also permits 21 of the 24 retail categories by-right, the F1 district permits 20 by-right, and the BelRed Commercial / Residential (BR-CR) zone permits 19.

Exhibit 54. Permitted Retail Uses by Commercial Zone, Bellevue, 2023

Retail Categories ^A	BR-CR	BR-GC	PO	O	OLB	OLB 2	LI	GC	NB	NMU	CB	F1	F2	F3
Auto Dealerships	A ⁷	P			P ⁶		A ^{4, 35}	P		P ⁶	C	C		
Auto Parts Stores		P ²					P ³⁵	P			P	P		
Auto Repair & Car Washes	P	P					P	P	A ¹⁹	P	P	P		
Banks & Realtors	P	P	P	P	P	P	P ¹	P	P	P	P	P	P	P
Clothing Stores	P	P			S	P		P		P	P	P	S	S
Computer & Electronics Stores	P	P				P	P ^{12, 35}	P ¹²		P	P	P		
Copy & Office Stores	P	P	P	P	P	P	P ⁵	P	P ¹⁷	P	P	P	P	P
Department Stores	P	P				P				P	P	P		
Dry Cleaners	P	P			S	P	P ²	P	P	P	P	P	S	S
Funeral Homes		C	C	C	C								C	C
Garden Center	P	P					P ³⁵	P	P ²⁰		P ²⁰	P ²⁰		
Gas Stations	P	P			A ³⁴	A	P ^{34, 35}	P	P	P	P	P	A ³⁴	A ³⁴
General Office	P ⁹	P	P	P	P	P	P ⁵	P	P	P	P	P	P	P
Grocery & Convenience Stores	P	P				P		P	P	P	P	P		
Hardware Stores	P ³	P				P	S ³⁵	P	P	P	P	P		
Health Clubs & Gyms	P	P		C ³	C	A ⁹	P ³	P ³	A ⁹	A ⁹	P	P	C	C
Home Furnishing Stores	P	P				P	P ^{11, 35}	P		P	P	P		
Lumber Yards	P ³	P					P ³⁵	P			P	P		
Marijuana Store	A ^{17,18}	A ^{17,18}						A ^{41, 42}			A ^{41, 42}	A ^{41, 42}		
Mini Storage		P					P	P			S	S		
Movie Theatres & Nighclubs	P	P			P	A				A	P	P	P	P
Pet Stores	P	P				P	P ^{26, 35}	P ²⁶	P	P	P	P		
Restaurants & Bars	P	P		P ¹³	P ¹⁴	P ²⁸	P ^{15, 29, 35}	P	P ^{16, 28}	P ²⁸	P	P	P ¹⁴	P ¹⁴
Other Retail (Pharmacies, Liquor Stores, Books & Sporting Goods, Jewelry, Florist, Computer)	P ²	P		P ¹⁷	S	P		P	P ¹⁹	P	P	P	S	S

(A) Retail categories based on Washington State Standard Land Use Code Reference (2 digits) WAC 458-53-030 and City of Bellevue Land Use Codes (2+ digits). (Numeric references) See detailed land use notes referenced from City of Bellevue Municipal Code 20.10.440 Land Use Charts.

- KEY:**
P – PERMITTED USE
C – CONDITIONAL USE (see Part 20.30B or Part 20.30C)
PD – PERMITTED subject to planned unit development only. (See Part 20.30D)
A – ADMINISTRATIVE CONDITIONAL USE (see Part 20.30E)
S – Permitted only as a subordinate use to a permitted or special use

Sources: City of Bellevue Municipal Code, 2023; Community Attributes Inc., 2023.

Certain categories of retail are permitted in relatively few zones by right. These include movie theatres and nightclubs (permitted by-right only in OLB, CB and each BelRed and Factoria zone), **mini storage** (only in BR-GC, GC and LI zones), **and department stores** (only in CB, NMU, and OLB2, and the BelRed zones). In addition to **marijuana** being an administrative conditional use in five zones, **funeral homes** are only conditionally permitted in six zones. **Professional Office (PO) is the most restrictive zone** in terms of retail, permitting only general office, copy and office stores and banks and realtors of the 24 categories analyzed.

On the other end of the spectrum, **restaurants and bars are permitted by-right in all non-residential zones of the City**, except Professional Office, with various restrictions depending on the individual zone. General office, banks and realtors, and copy and office stores are permitted by-right in every non-residential zone in Bellevue as well.

In terms of **auto sales and service, dealerships are only permitted outright in the GC and BR-GC zones**, and in certain locations of the Office / Limited Business (OLB) and Neighborhood Mixed Use (NMU) zones³⁹. They are permitted in OLB2 with a development agreement. They are conditionally permitted in the Commercial Business (CB; in certain subareas, dealerships can only exceed 100,000 square feet with a development agreement) and F1 districts. Auto services, including repair and car washes, are also permitted by-right in the GC, CB, NMU, BelRed, and F1 zones – as well as in the Light Industry (LI) zone. Parts stores are permitted in the BR-GC, GC, CB, F1, and LI zones.

³⁹ These locations include: (a)The west side of 116th Avenue NE between NE 8th Street and the SE 8th Street off-ramp from northbound I-405; (b)Along SE 36th Street west of the ravine located at the approximate alignment of 133rd Avenue SE and east of 132nd Avenue SE; and (c)Fronting on SE 37th Street in the NMU District where the subject property was zoned General Commercial prior to the adoption of Ordinance No. 6366 on August 15, 2017.

Exhibit 55. Land and Floor Area Capacity by Commercial Zone, Bellevue, 2022

Zoning	Zone Name	Total Acres	Redevelopable Acres	Assumed Density (Floor-Area Ratio)	Percent Commercial	Redevelopable Floor Area
BR-CR	Bel-Red Commercial/Residential	136.3	48.6	1.75	70%	2,595,610
BR-GC	Bel-Red General Commercial	131.9	40.0	0.36	100%	631,424
CB	Community Business	184.4	45.2	0.60	70%	827,576
F-1	Factoria Land Use District 1	43.1	43.3	0.30	75%	424,471
F-2	Factoria Land Use District 2	8.8	9.0	1.03	100%	401,734
F-3	Factoria Land Use District 3	12.8	17.3	1.57	100%	1,185,239
GC	General Commercial	76.6	39.5	0.28	100%	487,220
LI	Light Industrial	139.3	22.0	0.11	100%	110,057
NB	Neighborhood Business	25.6	9.7	0.26	100%	110,002
NMU	Neighborhood Mixed Use	19.5	0.7	1.00	50%	15,250
O	Office	362.6	68.7	0.50	100%	1,495,703
OLB	Office and Limited Business	216.5	21.1	0.34	100%	312,276
OLB2	Office and Limited Business 2	111.9	13.0	1.02	100%	576,091
OLB-OS	Office and Limited Business-Open	13.7	13.7	0.31	100%	185,326
PO	Professional Office	71.8	14.3	0.29	100%	179,590
Totals		1,555	406			9,537,570

Sources: City of Bellevue, 2022; King County, 2022; CAI, 2023.

Exhibit 56. Projected Floor Area Needed by Retail Category, City of Bellevue, 2022-2044.

Retail Category	% Share of 2022 TRS	Share of Estimated Add'l. Retail Spending (Low Est.)	Projected Floor Area Needed (sf) (Low Est.)	Share of Estimated Add'l. Retail Spending (High Est.)	Projected Floor Area Needed (sf) (High Est.)
Motor Vehicle and Parts Dealers	32%	\$317,114,121	634,228	\$928,488,746	1,856,977
Sporting goods, hobby, musical instrument, book, & miscellaneous	15%	\$149,109,029	298,218	\$436,581,174	873,162
Food Services and Drinking Places	13%	\$130,486,861	260,974	\$382,056,725	764,113
Clothing, accessories, shoes, jewelry, luggage & leather goods	11%	\$113,612,024	227,224	\$332,648,338	665,297
Furniture, Home Furnishings, Electronics, and Appliance Retailers	10%	\$95,454,240	190,908	\$279,483,573	558,967
Accommodation	4%	\$43,394,153	86,788	\$127,055,153	254,110
Building Material and Garden Equipment and Supplies Dealers	4%	\$35,583,187	71,166	\$104,185,171	208,370
General merchandise retailers	3%	\$33,294,509	66,589	\$97,484,077	194,968
Food and Beverage Retailers	2%	\$22,269,241	44,538	\$65,202,836	130,406
Health and personal care retailers	2%	\$22,214,245	44,428	\$65,041,810	130,084
Amusement, Gambling, and Recreation Industries	2%	\$19,680,587	39,361	\$57,623,429	115,247
Gasoline stations and fuel vendors	1%	\$5,947,337	11,895	\$17,413,401	34,827
Performing arts and spectator sports	0%	\$981,358	1,963	\$2,873,350	5,747
Museums, Historical Sites, and Similar Institutions	0%	\$38,346	77	\$112,275	225
Total	100%	\$989,179,219	1,978,358	\$2,896,250,000	5,792,500

Sources: CoStar, 2023; Washington State Office of Financial Management, 2023; Washington State Department of Revenue, 2023; Community Attributes Inc., 2023.

*Assumes Sales at \$500/sf

Considering future population growth, current levels of spending per capita, and current retail space inventory per retail dollars spent, CAI developed an estimate of needed retail square footage per category from 2022-2044. With a projected population growth of 27,885 to 87,500 through 2044 and retail spending of around \$33,100 per capita (2022), an estimated \$989 million to 2.9 billion in additional retail spending was apportioned to various retail categories based on recent spending patterns (**Exhibit 5656**), **totaling from around 1.97 to 5.79 million square feet of new commercial space needed across all categories.**

Based purely upon projected retail growth by category, the largest single user of new retail space would be auto dealerships, with anywhere from 634,000 to 1.86 million estimated new square feet of commercial space of growth possible. As these dealerships are currently permitted by-right in the GC zone (with 487,000 sf of capacity), BR-GC zone (631,000 sf of capacity) and some areas of the OLB (312,000 sf of capacity) and NMU (15,000 sf of capacity) zones, there appears to be sufficient capacity for new growth in this category up to approximately 1.3 million square feet. However, as most of the city's dealerships are currently located in the BR-GC zone, there could be some capacity constraints in the future with dealerships vying for limited desirable space with other commercial uses in BelRed – especially given the special large lot sizes and access needs of this category of use.

Also, while we can project growth in dealership activity based on current spending per capita combined with forecast population growth, this method does not factor in the reality of brand presence, saturation, and competition between and among existing auto dealership nodes in Bellevue. In reality, the location of new dealerships in the city would likely require a new brand entering the local market that isn't affiliated with an existing brand; expansions of existing brands are a possibility, but again, desirable site availability – beyond the simple availability of by-right zoning – is a real constraint in existing nodes. Further discussion of dealership location dynamics can be found in the Use Type Allowances section, below.

Another large projected user of retail space will be the food services and drinking places category, with an estimated 325,000 square feet needed for growth through 2050. As this use is permitted in nearly every commercial zone in the City, and its space needs are generally compact and flexible, it is unlikely this category will face growth constraints in terms of space.

Use Type Allowances

Bellevue's nearly three dozen new and pre-owned car dealerships are found in multiple nodes across the City. Along 520 on Northup Way in the BelRed General Commercial (BR-GC) zone, where they are permitted by-right,

between 130th and 140th are located prestige dealerships including Aston-Martin, Bentley-Rolls Royce-Lamborghini, Land Rover, and Jaguar, as well as Chevrolet, Acura, and Cadillac dealers. A pre-owned Ferrari dealership is located on BelRed Avenue to the south.

A second large area of auto dealerships extends along the east side of the 405 from state highway 520 south through BelRed and into Wilburton. These include BMW (in the BR-GC zone) and Audi north of 112th, Mercedes, Porsche, and Infinity (in the BR-GC zone) on 8th, Volvo and Ford in the Community Business (CB) zone, where they are conditionally permitted, on 4th, and Chrysler-Dodge-Jeep and Lexus at the end of Main at 116th Ave NE (in OLB and CB zones). In addition, a number of used car dealerships are located in the CB and GC zones of Wilburton and in DT-MU in Downtown Bellevue, as well as in the BelRed zones.

In Eastgate, there are Bellevue Nissan and Michael’s Toyota and Subaru, each visible from the freeway and located in the CB zone (where they are conditionally permitted). In the CB zone, in certain subareas, such dealerships would be limited to 100,000 gross square feet (total built area plus parking)⁴⁰, which could comprise a significant limitation. There is also a Honda dealership in Factoria, in the OLB2 zone (where they are permitted with a development agreement), again located along I-90.

Auto dealership franchises are awarded by the manufacturer and correspond to specific territories with the mandate to “own the zip code.” The territories of prestige brands tend to be larger than those of lower-end brands, whose dealerships are generally more numerous in a given region. Visibility from a major interstate or highway corridor and large lot sizes contribute significantly to locating decisions for these dealers; permitting costs for location and relocation contribute greatly to their development feasibility. In addition, local circulation patterns have a major effect on dealership location and success. Alignment with the right side of prevailing traffic flows – such as the return-to-home side of a commuting corridor – as well as ease of specific entry and egress from a corridor – such as requiring all right turns – are major factors for these businesses and their customers. Given the scarcity of available land with high visibility and zones permitting the dealerships,

⁴⁰ Retail uses in CB Districts in the following subareas, as designated in the Comprehensive Plan, are limited in size to 100,000 gross square feet or less: Bridle Trails, Evergreen Highlands, Newcastle, North Bellevue, Northeast Bellevue, Richards Valley, South Bellevue, Southeast Bellevue, and Wilburton; provided, that in CB Districts in the Wilburton Subarea, retail uses may be allowed to exceed 100,000 gross square feet through a Council-approved development agreement that is consistent with Chapter 36.70B RCW and includes design guidelines that (a) address the potential impacts of that scale of retail use, and (b) are consistent with the vision of Comprehensive Plan Policy S-WI-3 regarding the creation of a “retail village” on the commercial area west of 120th Avenue NE.

either by-right or conditionally, expansion or relocation within the existing territories is likely constrained for the foreseeable future.

In recent years, with the rise of Carvana and other online used car retailers, vertical automobile “vending machines” and similar models have emerged in various locations (though not in Washington as of yet) as compact, less land-intensive alternatives to traditional large-lot auto dealerships; however, this business model experienced major pandemic-related growing pains, followed by a weakening of the cost structure for the business model, possibly imperiling its prospects for the foreseeable future.

SYNTHESIS AND KEY FINDINGS

The following section uses a SWOT – strengths, weaknesses, opportunities, and threats – framework to synthesize information presented in previous sections, and to identify areas of strategic importance for subsequent work.

SWOT Analysis

The following section outlines the strengths, weaknesses, opportunities, and threats (SWOT) analyses conducted for this study. Short reviews of the strengths, weaknesses, opportunities, and threats for each of the five Bellevue retail districts analyzed are presented. The citywide retail SWOT analysis utilizes the district-level outlines, as the five districts represent a large portion of the city’s retail landscape.

SWOT for Bellevue Retail Districts

The following section discusses the strengths, weaknesses, opportunities, and threats for each of the five Bellevue districts analyzed for this study.

BelRed

BelRed’s strengths lie in the seemingly high demand for retail space suggested by high rental rates and low vacancy rates since 2018. The district also has healthy household incomes. BelRed’s weaknesses include poor walkability and placemaking and generally poor organization at the district level. A third of the retail inventory in this district is comprised of department stores, a retail format with a history of economic decline and an uncertain future in the retail landscape. An analysis of survey data indicates that consumers are **unsatisfied with the lack of diversity of retail offerings in Bellevue, poor walkability, parking availability, affordability, and traffic.**

Opportunities for BelRed include catering retail offerings more explicitly to prevailing demographics in the trade area. A high incidence of Asian and Hispanic households signals excellent potential for retail locations curated specifically for those demographics, including ethnic grocers and restaurants, as well as an opportunity to build upon BelRed’s existing assets. An additional opportunity lies in **BelRed’s readiness for re-development in high demand areas.** This readiness is accentuated by the lifestyles of consumers in the district. ESRI’s Tapestry segmentation identifies *Metro Renters* as the most prominent psychographic segment in the district. This segment includes **young, affluent singles who are open to new experiences and places.** There is an outstanding opportunity to tailor the retail offerings of the district more explicitly to the tastes of these consumers, with particular emphasis on experiential retail or entertainment offerings that can drive traffic to other nearby stores and restaurants. The high

incidence of this segment, in tandem, presents an additional threat. These young affluent consumers also tend to be Internet dependent, relying on online channels for their socialization and shopping needs. This should be considered as physical retail continues to change in the district.

BelRed's national comparison district, the Miami Design District, has a similar income and age profile among its consumers, but a very different racial composition and spending mix. Unsurprisingly, many Design District consumers are black or Hispanic, with spending patterns showing massive demand for clothing and furniture, bountiful and tasteful amenities sold throughout the design district. By contrast, BelRed sees most of its spending in the automotive space, with additional sales generated by electronics, restaurants, and general merchandise. To the extent that the Miami Design District is not only a comparison district, but a goalpost for the future development of BelRed, efforts should be made to **incentivize increased spending in furniture goods and apparel via the introduction of new tenants who can offer fashionable and creative products** to consumers in the trade area. The additional introduction of **cultural amenities and performance arts** may also aid in transitioning BelRed to a proper arts district.

Downtown

Downtown's strengths primarily include the district's **established set of high-end and specialty retail**. Downtown also benefits from being located near a high-level of public transportation and the Bellevue Transit Center. Population density is very high in this district, with very healthy household incomes to support the cluster of high-end and luxury retailers in the area. Community survey data indicates that consumers are, in general, fairly satisfied with the retail offerings in Downtown Bellevue.

Downtown's largest weaknesses are placemaking and the internal focus of the retail, which can cause difficulty accessing retail for pedestrians walking through Downtown Bellevue. Analysis of survey data also echoes the district's lack of walkability. Bellevue's Downtown livability land use code amendments approved after 2018 support urban design that enhances the pedestrian environment, improves the residential setting, and enhances the identity and character of downtown "urban villages" in future building deliveries.

Community survey data reveals an outstanding opportunity for this district to place **a greater emphasis on local shops**. Respondents noted additional potential for a larger format department store or an Asian supermarket (similar to the H-mart) to succeed here. A young base of consumers with high median households represents an additional opportunity for the Downtown district.

Relative to its national comparison districts, Century City and Tysons Corner, **Downtown Bellevue enjoys even higher incomes and population density, with a younger consumer base to cater to.** The spending mix for Downtown Bellevue also deviates slightly from Tysons, with a greater balance of expenditure attributed to apparel and general merchandise than automotive. Like the BelRed district, Downtown consumers primarily fall into ESRI's *Metro Renters* segment. These consumers represent both an opportunity and a potential threat due to their reliance on digital channels for shopping.

An additional threat comes from nearby competing shopping centers such as Totem Lake and Downtown Kirkland, and the need to grapple with the continuing work from home trend that is leaving office buildings empty in central business districts across the country and impacting street level retail.

Main Street

In comparison to its national comparison districts, the NoMa district in Washington, D.C., **Main Street Bellevue does enjoy slightly higher incomes, but slightly lower population density.** The district also has a higher incidence of Asian households, while NoMa's population includes a substantial black proportion and a smaller blend of both Hispanic and Asian households. The spending profiles for these districts also differ slightly, with NoMa seeing higher spending on food and beverages, while Main Street Bellevue emphasizes clothing, furniture, general merchandise, and other offerings. Bellevue's Main Street retail district's strengths, weaknesses, opportunities, and threats closely align with those identified for Downtown Bellevue. **An analysis of survey data indicated that generally, Main Street is one of the more favored retail destinations in Bellevue among local consumers.** Main Street is praised for its walkability and aesthetic. The district enjoys regional accessibility from its proximity to Interstate 405, as well as high population density and healthy household incomes. On theme with many of Bellevue's other districts, Main Street is **challenged by a lack of placemaking.** The district is also less walkable than the downtown district to the north. However, recent efforts in enhancing pedestrian amenities and hosting events in Main Street have shown promising progress in bridging this gap.

Main Street's opportunities lie in the area's consumer pool, which consists of a low median age and high median household income. The psychographic profile of consumers in this district is identical to BelRed and Downtown, *Metro Renters*. **Survey responses indicate a prescient opportunity to increase the number of boutiques, restaurants and (particularly) breweries along Main Street to better cater to these consumers.** While consumers in this ESRI segment sport excellent spending power and a love for new experiences and places, they are also reliant on e-commerce for much

of their shopping needs. This poses a threat to Main Street’s retail landscape along with competition with areas such as Totem Lake or downtown Kirkland. Finally, limited connectivity with the downtown area presents a threat as well, however, anticipated developments are projected to enhance the linkages between these significant areas.

Wilburton

Wilburton’s strengths include a well-established auto sector and some of the highest household incomes in Bellevue, vastly exceeding that of its national comparison district, Downtown Lake Oswego Village. Additionally, Wilburton enjoys a lift in regional gravity from Overlake Hospital and its accessibility via Interstate 405. By contrast, Downtown Lake Oswego Village enjoys no such incremental lift from local amenities. Despite Wilburton’s healthy income level, this district is sparsely populated relative to other Bellevue areas, with about 500 residents in the district, and a trade area that is restricted to the east and northeast due to intervening green space from Wilburton Hill Park, Kelsey Creek Park, and the Glendale Country Club. While Wilburton provides a range of commodity retail goods, it is similar to BelRed in that **it noticeably lacks diversity in its retail offerings and a distinct identity as a retail center**. Further, a key challenge for Wilburton revealed through survey data analysis is a **lack of awareness among Bellevue consumers about the retail offerings available in the district**. Prevailing sentiments among survey respondents also reveal an **overabundance of parking space** in the district with limited walkability.

There remains an opportunity to capitalize on the *Metro Renters* segment of the district, and to cater retail offerings to local consumers with spending power. Wilburton’s major threats are the **negative pressure on auto sales caused by poor traffic circulation and the city’s general land use intensification**. While it is true that downsizing the scale of automotive retailing in this district may yield opportunities to cater more directly to the tastes of the districts core demographics, findings from focus groups reveal that one of the salient issues facing some automotive retailers is a need to expand their footprints.

Newport Hills

Newport Hills enjoys strong retail sales in electronics and fuel. The trade area is dominated by *Top Tier*, an ESRI psychographic segment comprised of established, well-educated married couples – primarily homeowners and active travelers who are also involved in their community. Newport Hills' primary weaknesses are **the outdated nature of the district’s current structures** and the low levels of current spending the district attracts, with **many Newport Hills residents being drawn to higher-gravity, healthier retail centers to the north**. The district’s

trade area is perhaps the most distinct among Bellevue’s retail districts, with a much older population, lower household incomes, and a larger Hispanic population. The trade area is also more geographically isolated and less regionally accessible. Unfortunately, **survey analysis indicates that Newport Hills is one of the less favorable retail districts in Bellevue**. Respondents raised issues of **walkability and safety** and an outstanding need to improve the face of the shopping center.

Opportunities for Newport Hills fall in the **potential for re-development**, focusing on mixed-use residential with ground floor retail used as an accommodation factor for the developments.⁴¹ Further emphasis should be placed on **localizing the center** to drive traffic from the immediate area. Attracting retail offerings that **cater to the older population** of the trade area is essential for maintaining traffic from the surrounding neighborhoods, these tenants could include healthcare facilities and pharmacies, recreation, and restaurants. Like BelRed, the high incidence of Hispanic and Asian households also presents an opportunity to incorporate retail offerings that cater to these demographics. Newport Hills' threats include the high investment costs associated with re-development, and the competition with existing Bellevue retail districts currently capturing the city's retail spending.

SWOT for Bellevue’s Retail Sector Citywide

This final subsection of the SWOT analysis zooms out to Bellevue as a whole, outlining strengths, weaknesses, opportunities, and threats impacting the broader trajectory and overall health of retail in the market. This section synthesizes key findings from market research and data analysis, surveys, focus groups, field research, and commentary from a sub-contracted retail real estate expert.

Strengths

A current strength of Bellevue’s retail sector is the established presence of a large amount of retail that is capturing high per capita spending levels. While this strength can be easily threatened by competition throughout the Eastside, the city is working with an established and successful retail industry with areas that have high demand and name recognition. The auto sector is particularly strong in the city, driven by excellent locations and accessibility. However, the prominence of automotive retailers and servicers presents both strengths and weaknesses in tandem for the city’s retail health.

⁴¹ Note: First floor retail in mixed-use buildings can be difficult to fill and would need to be created carefully to ensure success.

Other strengths include the city’s large number of jobs and capacity for workers. As of 2021, Bellevue reported nearly 145,000 jobs, representing a large job center for the Puget Sound Region. Additionally, Bellevue’s central business district (CBD) has more than 10.5 million square feet of commercial office space, with more than five million more under construction as of Q1 2023.⁴² While this strength has been negatively impacted by increased work-from-home trends, people working in Bellevue represent a large potential consumer pool for downtown retailers that includes non-Bellevue residents.

A final key competitive advantage for the city of Bellevue is its critical mass of luxury retail offerings, clustered primarily in the Downtown district. This mass has established Downtown Bellevue as a major destination in the Puget Sound region for luxury goods. As with automotive, however, the predominance of this particular retail type comes with its own challenges to the market overall.

Weaknesses

Despite possessing a high concentration of shopping centers and commodity retail destinations such as Downtown, BelRed, and Factoria, Bellevue’s lack of placemaking is likely hurting the city’s retail industry. Generally, Bellevue’s retail is inward-focused, causing accessibility issues for consumers in contrast to Downtown, Kirkland, NoMa, and Lake Oswego. For example, The Shops at the Bravern feel closed off to pedestrians and are currently experiencing high vacancy. Downtown is weakened by the lack of engagement and walkability compared to surrounding shopping centers, despite having many desirable specialty retail shops. Field research indicates that even larger auto-oriented centers in Factoria and Crossroads are wisely transitioning towards pedestrian-friendly urban development strategies, including the conversion of excess parking areas into apartment complexes. Both are currently working to employ design principles similar to those found in competing region centers such as Totem Lake and Issaquah through planned mixed-use redevelopments.

The critical mass of luxury retail in Downtown Bellevue is emblematic of a systemic issue across Bellevue’s retail market: affordability. Analysis of survey data revealed that the affordability of offerings in the city is a salient issue for many surveyed consumers. This, in tandem with issues of lack of diversity in retail offerings and increased demand for more local boutiques and shops, presents a challenge to retail planners – to introduce novel local concepts to cater to consumer demand without introducing goods or services that are so cost prohibitive that they cannot be enjoyed by the majority of consumers with modest incomes.

⁴² “Q1 2023 Puget Sound Office Report”, Cushman and Wakefield, 2023.

An additional weakness includes the city’s high concentration of auto dealers. While these auto dealers generate a large amount of taxable retail sales and stand as a centerpiece for the Bellevue retail economy, auto dealerships are currently experiencing negative pressures. These headwinds stem from the city’s land use intensification, a growing shift towards green-friendly and non-automobile transportation options, which are causing dealerships to consider downsizing, redevelopment, or relocating entirely. However, relocating is not currently a prevalent issue for auto dealers in Bellevue, although it may become a concern in the future.

Opportunities

One opportunity facing Bellevue is the city’s high-earning consumer pool. As of 2021, the median household income for Bellevue households was \$190,000.⁴³ In addition, Bellevue retailers are likely drawing consumers from surrounding Eastside Region cities, which often boast similarly high median household incomes. Creating retail destinations that can attract these consumers will serve as a boon not only to national and regional chains in the market, but also local retail concepts that rely on these traffic flows to sustain their own businesses.

The development of new regional transit infrastructures presents additional opportunity for Bellevue’s retail economy. Regionally, Bellevue is well-connected with many public transit options, and is currently building a 14-mile light rail extension between downtown Seattle and the Overlake region in Redmond. The 14-mile extension will include three stations in Bellevue, including a station in South Bellevue, Downtown Bellevue, and BelRed. The light rail extension is expected to be complete in either 2024 or 2025.⁴⁴ The light rail extension will allow for a large flow of consumers between Seattle and the eastside and could increase the consumer pool shopping in Bellevue. If infrastructure and placemaking investments can be made in Bellevue station areas to encourage retail spending, these stations can boost retail activity in the city, evolving into a long-term strength.⁴⁵ However, it should be noted that failing to capitalize on this opportunity could result in light-rail station areas that may be at a competitive disadvantage relative to other

⁴³ U.S. Census Bureau American Community Survey 5-year Estimates, 2021.

⁴⁴ <https://bellevuewa.gov/city-government/departments/transportation/projects/east-link-light-rail#:~:text=Sound%20Transit's%20East%20Link%20light,known%20as%20the%20%20Line.>

⁴⁵ Some articles show anecdotal evidence of the opening of a light rail station at Capitol Hill boosting retail customers and sales in the area. McNichols, Joshua (2016). “Is Capitol Hills Business Booming Because of Light Rail? Link: <https://kuow.org/stories/capitol-hill-business-booming-because-light-rail/>

stations with richer retail offerings, or stations clustered in Seattle proper with higher regional gravity overall.

While Bellevue's retail sector's lack of placemaking and the outdated aesthetics of some retail centers was noted as a weakness among surveyed consumers, an opportunity also exists here to re-develop and update current offerings to become more enticing to consumers. This is particularly true for specialty retail, like what is seen in the Downtown district, which is more dependent on quality of place and attracting strong anchor tenants.

Threats

High office vacancy rates, increased trends in e-commerce, competition from surrounding retail centers, and costs of redevelopment and infrastructure updates are each a threat to Bellevue's retail sector.

Increased work from home is driving high office vacancy rates and is causing fewer pedestrians and workers to travel into Downtown Bellevue, and fewer car commuters are driving past retail centers such as Factoria. Today, there is a tug-of-war between employers who are trying to repopulate their offices and workers who want to stay with remote and hybrid work models. Studies indicate that productivity has declined during the pandemic and the remote work revolution, so whether remote work will be permanent is yet to be seen. Other related but potentially competing forces are the realization that while offices are important for creativity and collaboration, they are not nearly as important for production tasks such as creating architectural plans or software code, that offices are an extremely expensive overhead item to support, and that we are a social species. There is also the reality that the ability to meet with people who are clustered nearby helps to move commerce forward.

Increased e-commerce was a trend quickened by the COVID-19 pandemic and poses a threat to brick-and-mortar retail stores. Retail is now conducted through traditional stores, catalogs, online, via mobile devices, television, etc. Each of these is known as a retail channel. Multi-channel simply refers to a retailer conducting business across different retail channels. In contrast, omnichannel refers to the consumer having a seamless experience across multiple retail channels (e.g. traditional stores, catalogs, online, via mobile devices, television, etc.). E-commerce refers primarily to transactions conducted electronically on the internet. It is worth noting, however, that e-commerce retail sales, while elevated compared to pre-pandemic levels, appear to have tapered off.⁴⁶

⁴⁶ https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf

Aligning with the city’s weaknesses in placemaking, Bellevue’s ability to capture high levels of retail spending will continue to be threatened by desirable specialty retail offerings in surrounding communities such as Downtown Kirkland and Totem Lake. To address the lack of placemaking, the city would need to consider incentivizing redevelopment or undertaking infrastructure updates to focus on walkability and pedestrian safety, whose high costs pose a threat to the city’s ability to revamp its retail offerings.

Additional Considerations for Retail Strategy

The following section introduces key fundamentals of retail planning in urban environments. An understanding of planning, market analysis, retail gravitation, and placemaking are provided below as context for future strategy recommendations. These concepts are essential for understanding and interpreting the analyses and key findings presented in this report, and for identifying appropriate strategic interventions.

Planning and Market Analysis

At its core, market analysis is about identifying who the customer is (i.e. demand), competition, where they come from, when they come, and what sort of project and occupiers will be compelling to attract consumer attention and dollars. For this reason, it is important first to develop a vision, identify if the vision is for incremental or transformative change, if the vision is achievable given market factors, and if the vision is consistent with the identified underlying market need. Moreover, it is important to remember that a vision is forward-looking and aspirational, it is not a description of what has been or is envisioned to be built. An objective evaluation about the area in which a development is to be built articulates the area’s assets or lack of assets, and identifies questions that should be addressed before a project moves forward to the design stage.

Potential sales for a retailer, a more precise way of describing retail demand, come from residents, daytime workers, visitors, traffic patterns, growth of any of these, and from existing retailers. It is common to intertwine real estate (the location) and facilities (what has been constructed) when talking about property, however, we reiterate the importance of separating these into mutually exclusive analyses.

Real estate attributes refer to the characteristics of a given site’s location. The attributes one might evaluate differ depending on product type. For example, a warehouse needs real estate with different characteristics than a coffee shop. The first questions are:

- *For what sort of use is a particular site appropriate?*

- *Is a particular location a good place from which to tap available sources of demand?*

Some sites are better suited for commodity retail goods and services than specialty retail goods and services (see the accompanying Retail Trends Memo for explanation of commodity and specialty retail). A neighborhood café doesn't belong at the confluence of two major freeways any more than a 200,000 square-foot furniture superstore belongs in a quiet residential neighborhood. What sorts of uses are appropriate to occupy space in a district or project, commodity or specialty? Daily needs or destination? Competing with alternative channels such as on-line, or not? These are essential questions that inform the retail planning process for developers in both the private- and public-sector.

Traffic Patterns and Retail Gravity

Traffic patterns are as important as, and in some ways more important than, demographic data. The power of generating sales from customers who consume "on their route" or who limit their retail consumption to what is conveniently located on their normal "routes" cannot be underestimated. The greater the density, the more pronounced this consumption pattern becomes. For example, in traffic-burdened cities such as Seattle, a shopping trip may be much more of a commitment than in an easier-to-navigate area such as Olympia. Workers commuting to downtown areas may run errands on the way to/from work or at their work destinations. Density and traffic will also provide information about how far people might go to consume a given good or service. Daily needs commodities are more likely to be purchased closer to where they are consumed, while customers will travel greater distances for larger purchases, and for specialty (including luxury) goods.

Another factor to take into consideration is the "gravity direction" in a given area, and what planners and developers might do assure that projects recognize this important force that shapes the competitive retail landscape and trade areas from which various retailers might draw. The gravity direction is defined as the general direction from which residents and daytime workers enter an area and to which they travel in order to leave that area. Generally, a major freeway such as I-405 would be considered the "gravity direction" in the trade area, and roads that have interchanges with freeways are primary arterials that carry more traffic and in turn define larger traffic patterns. Once the gravity side is identified, it becomes clear which side of the street is the "going to work side" and which is the "going home side." Many convenience retail uses such as grocery-drug and fast-food have a clear preference for the side of the street that would allow their customers to have easy turning movements (i.e. right turn-in, right-out access being the easiest for motorists). For example, a Starbucks would

prefer the “going to work” side of the street while a Bartels or QFC would be more convenient when located on the “going home” side.

Placemaking

Many projects emphasize place-making and creating the new “living room” for the community with gathering areas, open spaces, wide sidewalks, and landscaping and shade trees. “Place” and “environment” are key elements for some sorts of retail uses, and as noted in the Retail Trends Memo a sense-of-place is more critical for specialty than commodity retail areas and businesses. The goal is to allow shoppers to do what they want on their own terms. It’s critical that we are providing something in retail that the consumer can’t get by clicking a mouse from his or her couch. It is also just as important to reduce friction from the shopping experience. Consumers have choices, so difficult-to-find retail areas and difficult-to-access projects will be at a disadvantage as compared with those (existing or planned) that are better thought through. The following subsections call out some of the key planning and design considerations in developing a sense of place for a retail node or center.

Design Standards

It is important to take into account that retail spaces will turn over among various uses over the decades-long useful life of a retail or mixed-use project. In order for a project to remain viable across many economic cycles and through many retail trend evolutions, it’s important to design space that is flexible and adaptable as opposed to space that is designed with just current conditions, the current economic cycle, or current retail practices in mind.

The purpose of these objective design standards for ground floor retail in mixed-use buildings is to ensure maximum opportunity and flexibility for retail uses as part of a mixed-use development. A number of real estate and facility criteria should be outlined for planners, architects, and developers to consider so that new (or remodeled) ground floor retail space can accommodate active uses both in the near term and/or in the future. Actual specifications will vary from project to project.

Early attention to these elements will add value for all stakeholders: retailers, owners/developers, municipalities, consumers, and residents. It is recommended that a retail development expert peer-review early design development drawings with factors such as those outlined in Exhibit “A” in mind so that changes that will positively impact the retail space’s desirability, usability, contribution to the district in which it is located, and economic value can be incorporated. It is recommended that developers incorporate corresponding project-specific specifications into their tenant work-letter and the project pro-forma prior to marketing space for lease.

Sidewalks and Pedestrianism

The sidewalk is perhaps the most important district-creating opportunity from an infrastructure perspective. It is an opportunity for branding, incorporating urban design elements, and providing amenities...the stuff that helps establish a sense of place and that a destination has been reached. The idea of “complete streets” has been in the planning lexicon for years, however, it is the sidewalk where the public realm meets the private realm meet -- between the moving world and the built environment. It is imperative, particularly where vibrancy is desired, to think in terms of “complete sidewalks.”

For retail to thrive, the streetscape should be designed not just with cars in mind, but first and foremost to be pedestrian and bike friendly. In other words, retail needs complete sidewalks to really thrive. Areas such as Seattle’s South Lake Union area, Berkeley’s 4th Street, and Downtown Los Angeles’ Arts District have done an excellent job at articulating their distinctiveness, or how they are differentiated from other parts of the metro area, including their street/sidewalk section designs. A complete sidewalk section should be developed at the design phase reflect the unique vision for an area and the consumer behaviors that are desired to be created.

Frontage, Visibility, and Signage

The infrastructure, including complete sidewalks, should support another initiative: encouraging active ground floor and especially street-fronting uses. “Active uses” refer to situations where shoppers or pedestrians interact with built spaces even if they don’t go inside to buy a good or service. Examples of active uses include specialty and experiential retailers with outdoor spaces and/or interactive window displays, some grocery or drug stores that have outdoor displays, and even yoga studios and art galleries that invite passersby to look in and view the activities going on inside. Design guidelines that include transparency requirements and support ground floor space that is “retail ready,” even if it will not be occupied immediately by retail, will further support a vibrant environment.

By contrast “inactive uses” refer to situations where the flow of the retail district is broken so that pedestrians don’t interact with the built environment. Even active uses with limited hours may become inactive uses when they close and become “dark” during non-business hours. This is the case with office and traditional retail users that are inward facing (with respect to the project in which they are located), or those that rarely stay open after 6:00 pm. Examples include offices, medical facilities, auto repair, and retail stores without outward-facing displays. Inactive uses can be created through poor design just as active uses can be created through ingenuity (think about holiday window displays that are engaging even when stores have closed for the day). Many of the offices and even some of the

traditional retail users in a downtown have either unengaging window displays or windows that have been covered up or removed entirely, creating gaps in the pedestrian retail environment that discourage exploration and detract from commercial vibrancy of the district.

A given site's ability to attract active uses as opposed to non-active uses is another important component of policy development for a successful retail district, though such policy interventions can be difficult. At one end of the spectrum, a city can simply signal to the market that it would like to see more active store fronts, while at the other end it could establish stringent design guidelines for the downtown that identify exactly what a property owner and/or business must do with its store frontage.

Additional design considerations include signage and visibility. Signage is key not only for retailers to announce their presence and to project their brand, but also to be leveraged to create a functional and authentic commercial district. Visibility, similarly, is an essential factor for grabbing the attention of customers to drive visitation and spending. Buildings that are obscured from main thoroughfares or pedestrian spaces by trees or other buildings are often at a disadvantage compared to competitors who have developed sites to ensure that their sign or façade will catch the eyes of consumers.

Trail-Facing Retail Development

Trail-facing retail development represents a unique opportunity for economic growth and community enhancement in urban areas. By capitalizing on the natural allure of trails, cities can create thriving commercial hubs that draw visitors and contribute to the local economy. These developments not only serve as retail centers but also create destination-worthy areas that attract both residents and tourists. Beyond its economic potential, trail-oriented retail development can create vibrant, destination-worthy spaces, foster community building, promote placemaking, and improve walkability while offering greater access to essential retail and services. The dynamic mix of shopping, dining, and recreational opportunities can transform these areas into vibrant economic hubs.

An example of successful trail-oriented retail development can be found along The Beltline, in Atlanta. The Beltline is a comprehensive urban redevelopment project that combines trails, transit, and parks to revitalize a historic railway corridor. It encircles the core of Atlanta, Georgia, connecting multiple neighborhoods and providing a dynamic platform for trail-facing retail development. Several sections of the Beltline host thriving trail-oriented retail developments, most notably, the strips of trail that pass

through the Krog Street Market and Ponce City Market redevelopments.⁴⁷ These areas offer a mix of shops, restaurants, and recreational spaces that attract visitors from both the local and regional areas.

Krog Market is a former stove factory along the Beltline that has become one of the city's top destinations for dining. The redevelopment hosts bars, local ethnic foods, and regional upscale dining favorites alike as well as local retail businesses such as Krog Street Pet Works, The Merchant gifts and home décor shop, and Hop City wine and draft beer store. Similarly, Ponce City Market hosts a central food hall of unique and multi-cultural restaurants. But it is primarily a retail haven, hosting big-name brands such as Anthropologie and West Elm, and local shops like Citizen Supply and Savannah Bee Company. It offers retail pop-up spaces and a rooftop skyline park and entertainment center. Along the Beltline are also public parks, bike rental shops, the Museum of Contemporary Art of Georgia, and countless art installations.

This trail project now represents “the most exciting economic development opportunity in Atlanta’s history”, according to Atlanta Beltline Inc, an organization which has come together to oversee the planning, developing, and execution of the Atlanta Beltline Project.⁴⁸

The opportunity of trail-oriented development along the Bellevue Grand Connection project may present a multifaceted approach to economic prosperity, community building, and urban vibrancy. Some key takeaways that Bellevue could take from the history of retail development success along the Beltline include:

- Build grassroots support and momentum through partnerships.
- Promote Public and Private Collaboration. Encourage partnerships between the public sector, private developers, and community stakeholders to create a sense of shared ownership and investment in the project.⁴⁹
- Build necessary infrastructure and prioritize placemaking in planning and development.

⁴⁷ “The Ultimate Guide to the Atlanta Beltline”, Explore Georgia, Accessed 2023. Link: <https://www.exploregeorgia.org/article/the-ultimate-guide-to-the-atlanta-beltline>.

⁴⁸ History of Atlanta Beltline Project in Public Roads Magazine”, Atlanta Beltline, Accessed 2023. Link: <https://beltline.org/2011/12/02/history-of-atlanta-beltline-project-in-public-roads-magazine/>

⁴⁹ “Where Atlanta Comes Together”, Atlanta Beltline, Accessed 2023. Link: <https://beltline.org/about-us/>

- Offer strategic incentives and resources for trail-oriented development.⁵⁰
- Support Local Business. The BeltLine MarketPlace program is a unique small business incubator that offers affordable commercial spaces directly on the Atlanta BeltLine to participating local businesses.⁵¹

Retail Management Frameworks and Best Practices

Cities have many options when it comes to guiding the development, growth, and maintenance of its retail districts. More and more, cities are proactively partnering with the private sector for success that benefits public revenue streams and private bottom lines, and results in distinctive placemaking and other benefits. In this section, a number of structures, programs, and practices – from the well-established such as BIDs, to more recent innovations, like Legacy Business Programs – that have found success in other cities across the nation are presented for further consideration in Bellevue.

- **Retail Business Improvement Districts (BIDs).** A Business Improvement District is a well-established economic development tool that allows a geographic cluster of commercial property owners to collectively invest in activities that improve economic vitality. These activities enhance—rather than replace—city services, and may range from safety and sanitation, to placemaking and branding, to business attraction and even real estate development. BIDs serve as both a management structure and a dedicated funding source for property owners interested in these services, as a BID distinctively has the authority to legally compel a tax assessment on all properties located within its geographic boundaries.
- **Community Benefits Agreements (CBAs).** CBAs allow a jurisdiction to publicly negotiate benefits, such as flexible and smaller, more modular, or customizable retail and community spaces in larger new developments. These structures also facilitate the creation and maintenance of useful ongoing relationships with important area developers and create an enduring and memorable public realm. Through CBAs, cities can require development projects to reserve a portion of their first-floor space for small storefronts and for locally

⁵⁰ “Incentives and Resources”, Atlanta Beltline, Economic Development & Commercial Real Estate, Accessed 2024. Link: <https://beltline.org/the-project/economic-development-commercial-real-estate/#incentives-amp-resources>

⁵¹ “A Marketplace for small, local businesses: focused on creating more equitable access to commercial space”, Atlanta Beltline, Accessed 2023. Link: <https://beltline.org/the-project/economic-development-commercial-real-estate/atlanta-beltline-marketplace/>

owned businesses, as Austin, Texas, Portland, Oregon, and other cities have done. Because of financing incentives and national relationships, new development is often oriented to the needs of large chains; CBAs can help level the playing field for smaller local retailers.

- **Legacy Business Program.** The City of San Francisco’s Legacy Business Program was a first-of-its-kind program in the United States and is pioneering a new take on government’s involvement in maintaining and promoting the small business community. The program’s goal is to provide assistance to businesses that have been long-standing pillars of the community through marketing, business assistance, and specialized grants for local small businesses that are a part of the Program. Since its creation, other cities have implemented similar programs, including Boston, Pasadena, Los Angeles, and San Antonio. The City of Seattle Office of Economic Development runs a similar, more limited version of such a program for local legacy businesses.
- **Dedicated Retail Liaison / Ombudsman.** Creation of a dedicated ombudsman position with the City can help guide, facilitate, and curate the needs of retail tenants, as well as track CBA implementation, liaise with BIDs, and other duties. Cities can create a position within city government to guide business owners through local permitting requirements, and to serve as a liaison between small businesses and policymakers. Models include a Small Business Navigator office such as those in Montgomery County, Md., and Minneapolis, or a Small Business Commission, such as the one in San Francisco.
- **Quasi-Public Retail Leasing & Management Agency.** To achieve higher sales, rents, and land values, landlords along a retail corridor or district can band together and work proactively with the public sector to merchandise and lease their street in a coordinated and mutually supportive way. The City could consider establishment of a quasi-public retail leasing and management agency to plan and coordinate retail district leasing strategy, actively recruit tenants, and direct them to appropriate landlords and property owners so that leasing deals can be made privately. A key task would be adoption of a comprehensive leasing plan that builds on the strengths and competitive advantages that the district and surrounding neighborhood already have.
- **Strategic or Subarea Planning.** Local planning documents can be leverage to reinforce key aspects of successful retail districts in Bellevue, including maintaining a vibrant mix of land uses, distinctive and compelling urban design, and parking and circulation. They are also a chance to review and optimize retail zoning requirements. Many

cities, such as Palo Alto in California for example, are re-thinking their extensive ground floor retail requirements in mixed use districts that have, in many cases, resulted in a surplus of unaffordable, often ill-configured, and / or vacant storefront area inundating downtowns. Many east side cities have current zoning requiring the replacement of retail or pedestrian-generating uses on ground floor of redevelopment; and / or requiring a mix of pedestrian-generating uses ground floor. Subarea plans can also be an opportunity to consider other tools like business diversity ordinances to limit chain or formula business presence in areas of important local and independent retail businesses.

SUMMARY AND CONCLUSIONS

Bellevue's vibrant local economy continues to be anchored by a robust retail sector that draws consumers from across the central Puget Sound region. The City of Bellevue benefits immensely due to its central location and proximity to Seattle. Analysis shows that the City of Bellevue is a regional retail destination, especially for c retail purchases like motor vehicles, sporting goods, musical instruments, books, food and drink, clothing and accessories, and even furniture, electronics, and appliances. Bellevue retail has consistently made-up significant portions of regional and county taxable retail sales, and there is consistent demand for retail space in Bellevue relative to the supply.

Bellevue residents indicate they are satisfied with grocery, department stores, and auto dealership offerings in the Bellevue market, while restaurants, bars, entertainment, and boutique shop offerings were more often described as unsatisfactory. Considering how many of Bellevue's consumers are Metro Renters, or young, affluent singles who seek out experiential retail and entertainment, the desire for more specialty retail is unsurprising. In fact, Bellevue's retail centers may also have the opportunity to better tune to local demographics and capture local consumers with high spending potential. However, the spending habits of Metro Renters may also present a threat to Bellevue Retail as well. Metro Renters are also known to rely on e-spending, especially for commodity retail. Since Bellevue's retail is generally focused on commodity retail, the city's ability to capture high levels of retail spending will continue to be threatened by desirable specialty retail offerings in surrounding communities such as Downtown Kirkland and Totem Lake.

On the whole, Bellevue's retail centers are successful and draw significant traffic, but, they tend to suffer from lack of place and lack of walkability. Hence, investing in urban design, placemaking, and improving pedestrian connectivity are essential strategies to better support Bellevue's retail

centers moving forward. The vibrant, mixed-use retail spaces should include a diverse mix of community-serving retail and active uses. Another theme for Bellevue's retail centers is the desire for more authentic, local shops, along with the need for appropriately sized and affordable commercial spaces that support small retailers. Bellevue may also need to explore other ways to lower the barrier to entry to support new retail concepts.

As Bellevue grows, accommodating population and employment growth targets assigned by King County, its potential to support retail will grow as well. Ethnic diversity within Bellevue's community is also a key factor contributing to the richness and variety of retail offerings, enhancing Bellevue's reputation as a shopping destination that appeals to a diverse group of visitors. Trends toward increasing diversity continue in Bellevue over time, and stakeholder engagement suggests that Bellevue consumers desire more diverse retail offerings, such as multicultural shops or ethnic groceries. One key theme emerging from stakeholder engagement suggests that city regulations have high impacts on the success of redevelopment and retail in Bellevue. As the city grows, it should closely consider its parking requirements, active use definitions, permitting structures, and the allowance of short-term altered uses, and the way that these either hinder, or support development and small, multicultural businesses and entrepreneurs.

The City of Bellevue will continue to benefit immensely due to its central location and proximity to Seattle. Its robust retail sector and strong retail centers have the potential to continue growing, drawing in consumers from all over the Puget Sound, anchoring Bellevue's vibrant local economy. The strengths, weaknesses, opportunities, and threats identified in this retail study serve to support the further growth and success of Bellevue's retail sector and centers moving forward.

STRATEGIC RECOMMENDATIONS

General Small Business/Retail Supports

1. Develop tools to monitor sales efficiency, as measured by sales per square foot of retail space, or by customer traffic flows, rather than gross square feet of retail or other imprecise metrics.⁵²
2. Consider the following programs to broadly aid small businesses:
 - a. Providing free temporary access to public spaces, market stalls, etc. to give trial access to physical retailing space for small businesses.⁵³
 - b. Investigate the feasibility of developing small business incubators as part of a public-private partnership, providing below-market rents for scaling retail businesses.⁵⁴
 - c. Negotiate any of the preceding small business programs and pedestrian realm improvements to facilitate retail activity, through programs or tools such as a Community Benefits Agreement.
 - d. Consider instituting a vacant commercial property tax.⁵⁵
 - e. A small business loan guarantee program and other tools to improve small business access to capital.⁵⁶
 - f. Offering (or pursue partnerships to offer) lease negotiation consultation for small businesses.
 - g. Offering commercial tenant technical assistance for operations, capital improvements, regulatory navigation, hiring, human resources, etc.⁵⁷
 - h. Offering incentives for small / modular / reconfigurable ground floor retail space provision by developers.
 - i. Consider implementing incentives for property owners who lease to small and independent retailers, such as tax breaks, grants, or reduced property taxes.
 - j. Encourage the adaptive reuse of existing buildings for retail purposes, and consider including guidelines and flexibility in building codes to make it easier to repurpose older structures.

⁵² For example, the Washington Department of Revenue releases city-wide taxable retail sales, and Costar releases retail square footage. Retail sales per square foot can be compared to previous years as well as a state or national averages. Alternatively, ESRI Business Analyst also offers data on retail expenditures and sales and can provide business square footage, though at perhaps a lower data quality.

⁵³ “Pop Up Denver,” Denver Economic Development and Opportunity & Downtown Denver Partnership. Accessed 2023. Link: <https://www.popupdenver.org/>

⁵⁴ Regional Accelerator & Innovation Network (RAIN) Catalysts,” Eugene, Oregon. Accessed 2023. Link: <https://www.raincatalysts.org/>

⁵⁵ “Commercial Vacancy Tax (CVT)” Treasurer & Tax Collector, City and County of San Francisco. Accessed 2023. Link: <https://sftreasurer.org/business/taxes-fees/commercial-vacancy-tax-cvt>

⁵⁶ “Loan Guarantee Program” California Infrastructure and Economic Development Bank, Accessed 2023. Link: <https://www.ibank.ca.gov/small-business/loan-guarantees/>

⁵⁷ “Prosper Portland.” Accessed 2023. Link: <https://prosperportland.us/>

3. Evaluate the potential impact of creating a legacy business program, such as in San Francisco, California and Austin, Texas, that provides benefits and protections for qualifying businesses. This could include anti-displacement policies or exclusionary clauses that would ensure small businesses are not displaced when net new development occurs, particularly from larger regional or national chains.
4. Explore the potential impact and interest in business improvement districts for retail districts in Bellevue that require improved placemaking, cleanliness, etc. including Downtown, BelRed, and Old Main.
5. Invest in and encourage community ownership models, including community commercial land trusts, cooperatives, etc.⁵⁸
6. Review local business taxes to identify areas where targeted exemptions could promote the development of novel retail concepts in the market.
7. Provide for emergency exemptions or extensions to/for local taxes, non-health and safety regulatory requirements, for retailers that meet certain criteria.
8. Consider tenant improvement grants for innovative retail concepts or unique and qualified tenants, a rotating façade improvement fund for building owners with qualifying retail space, and other tools to improve tenant and space quality.
9. Engage the Small Business Resiliency Network to help empower small non-profit organizations, particularly outside the social services sphere, that are embedded in the Bellevue community.
10. Consider implementing strategies to support multi-cultural retail in Bellevue such as offering technical assistance and training, language assistance, and ensuring access to capital.⁵⁹

Auto Dealerships

1. Proactively address regulatory impediments and work with auto dealerships to assess opportunities for on-site land use intensification and additive development.
2. Provide support or incentives to help auto dealerships absorb costs associated with transitioning to electronic vehicle fleets.

⁵⁸ There are many examples of cities that have adjusted their land use codes in order to accommodate cooperative and community ownership models. One example would be Madison, Wisconsin. Wisconsin’s laws are favorable for cooperatives and part of the reason Wisconsin enjoys so many cooperatives including producer cooperatives, housing cooperatives, worker cooperatives, consumer cooperatives, purchaser cooperatives, and multi-stakeholder cooperatives.

“Legislative Success” Cooperative Network, Accessed 2023. Link:
<https://cooperativenetwork.coop/legislative-success/>

“Cooperatives in Wisconsin: The power of Cooperative Action”, University of Wisconsin Center for Cooperatives. Accessed 2023. Link:
https://resources.uwcc.wisc.edu/About%20Coops/Cooperatives_in_Wisconsin_FINAL_small.pdf

Another example would be Cleveland, Ohio, or Burlington, Vermont.

There is little precedent for Land Use Codes that specifically discuss the condo-ing of retail space to non-profit or public use.

⁵⁹ “Invest in Neighborhoods,” City of San Francisco. Accessed 2023. Link:
<https://sfplanning.org/invest-neighborhoods>

Food and Beverage

1. Encourage developers to set aside or designate space for food trucks in appropriate projects to promote a wider range of retail offerings in the city.
2. Work with neighborhood partners or community organizations to identify privately-owned sites that could be utilized for a food cart pod, if they are interested in the food cart industry.
3. Allow food trucks and carts to occupy publicly owned land or create a pilot program to experiment with food trucks in public spaces (parks).
4. Support publicly or privately funded food cart site improvements to improve local amenities.
5. Sponsor design competitions that incorporate food cart uses in new developments.
6. Acknowledge, and adjust regulations as needed to reinforce, that surface parking in urban areas are only a short-term location for food trucks.
7. Provide assistance with permits and licenses to make the start-up or moving process more attractive for potential brewery owners.
8. Ensure that zoning laws and regulations are brewery-friendly. This includes flexible zoning for the establishment of microbreweries, brewpubs, and taprooms.
9. Offer financial incentives, such as tax breaks or grants for startup breweries, to attract brewery owners.
10. Foster a collaborative craft beer ecosystem that allows mutually beneficial promotions, events, and partnerships, promotes the city as a craft beer hotspot, or establishes a networking hub, such as a craft beer association, that will connect industry experts, brewers, suppliers of quality ingredients, and enthusiasts.
11. Consider implementing financial programs, such as no interest or low interest loans, for tenant improvements. An assistance program can help ease start-up costs and smooth transitions from food cart to permanent spaces, especially for small and minority owned businesses

Placemaking, Activation and Experience

1. Activate retail districts through placemaking efforts, including hiring local artists to paint façades in a unique way or hosting community or neighborhood events, to better reflect identity of the community.
2. Encourage developers to tap into the unique history of a neighborhood or region and create engagement areas for consumers. (Ex. Cincinnati, Ohio leveraged underutilized sidewalks to tell the story of the region's brewing history through a series of wayfinding and graphic illustrations.)
3. Allow for short-term non-conforming uses, such as utilizing retail space for child-care, education institutions, or a co-working space, for a specified period of time. With allowable uses subject to same or lower parking standards.
4. Explore the possibility of matching vacant office space with retailers looking for affordable space. (Ex. Seattle Restored).

5. Formula business restrictions that limit chain businesses to certain areas or restrict size, cap number, or meet certain conditions to open⁶⁰

Land Use Code

1. Develop materials to clearly communicate the priorities for good retail design, such as complete sidewalks, transparency, active frontages, and signage, in Bellevue.
2. Consider providing consistency in requirements and guidelines so that retail districts across the city are subject to the same or similar standards.
3. Consider offering design guidelines for mixed-use buildings that require ground-floor retail that will incentivize making ground floor retail bays more appealing and flexible for potential tenants.
4. Similar to flexibility in height limitations allowed in the Downtown district, allow flexibility in height limitations where a developer provides ground floor retail facilities that meet standards for good retail design in mixed use buildings across Bellevue.
5. Continue to streamline permits for carnivals and fairs in 20.20.160 by adjusting the definition of a “special event” to include only events with 3,000 people or more.
6. Modify permitted uses for Neighborhood Business Districts and Neighborhood Mixed Use District (per 20.10.340 and 20.10.350) to reserve certain key sites for retail but allow more flexibility where market demand for retail isn't present.
7. Similar to Downtown, where incentive zoning provisions are present, consider including provisions for enhanced streetscape and street-activating retail, or otherwise offer flexibility for “active uses”, as part of the incentive stack. Also consider expanding incentive zoning into more areas (such as Eastgate, Factoria, and Wilburton).
8. Expand the Sidewalk Dining program and Enhanced Streetscape standards to apply to all Land Use Districts where retail use is permitted (20.25A.070).
9. Adopt the DT Design Guidelines addressing street activation in the public realm and FAR amenity incentives for active uses to all mixed use projects 20.25A.070.

⁶⁰ When drafting a formula business ordinance, it is important to consider whether the ordinance will apply city-wide or only to certain zones, what types of formula businesses will be regulated, and whether the measure should prohibit formula businesses altogether, set a cap for their number, or make them a conditional use subject to case-by-case review.

“Formula Business Restrictions”, Institute for Local Self-Reliance, Accessed 2023. Link: <https://ilsr.org/rule/formula-business-restrictions/>

Outside of a formal formula business ordinance, there are other ways municipalities can discourage chain businesses such as through town-serving restrictions, size caps on retail space, historic district regulations, design regulations and site plan review, regulation of franchise architecture, etc.

Salkin, Patricia E. (2008). “Municipal Regulation of Formula Businesses: Creating and Protecting Communities”, Case Western Reserve Law Review. Link: <https://scholarlycommons.law.case.edu/cgi/viewcontent.cgi?referer=&httpsredir=1&article=1787&context=caselrev>

10. Consider removing pedestrian bridges from the list of “bonusable amenities” (20.25A.070) as pedestrian bridges are inconsistent with the vision for Downtown Bellevue. Elsewhere for incentive zoning in other districts, as appropriate.
11. In 20.25A.075 (and other sections, as appropriate) consider a density bonus or other incentives to incentivize compliance with specific podium design recommendations.
12. Consider several changes to adopted parking requirements, including:
 - Decreasing parking ratios across Downtown Land Use Districts
 - Decreasing parking ratios and incentivizing structured parking in Wilburton.
 - Requiring larger parking spaces than currently exist.
13. Evaluate the feasibility of district-serving parking models, shared parking, and other parking strategies.
14. Reconsider, or consider exemptions to, required ground floor retail locations in 20.25D.130.A.
15. Consider incentives, potentially including FAR exemptions for property owners or developers in BelRed, to provide affordable spaces for retail spaces to Legacy businesses, locally-owned neighborhood services or arts-themed businesses (20.25.D).
16. Consider bay depth requirements as part of 20.25D.130.C (sidewalk-oriented development).
17. Articulate and clarify existing, or add new, explicit façade transparency standards, where appropriate for important retail districts.
18. Consider adopting sign guidelines outlined for BelRed (20.25.D.150.F) for other districts in Bellevue, including Downtown (20.25A.170.A.7), and strengthen Design Guidelines for wayfinding in parking structures.
19. Differentiate between auto and pedestrian-oriented signage requirements, tailoring requirements in retail districts to improve activation and engagement.
20. Increase the minimum width of sidewalks in 20.25F1.070.A.1 and B.1.
21. Coordinate with republic services to ensure that the location of service areas for trash dumpsters, recycling, loading docks and mechanical equipment is appropriately regulated for all retail districts.
22. Clarify ambiguity in 20.25F1.110.C.4 regarding a need to “express retail spaces as individual buildings”.
23. In 20.25F1.115.C, consider developing Type A, B, and C sidewalk design standards.
24. In 20.25F1.115.C, reconsider guidelines in subsection 1.b.i, and 1.b.ii.3.
25. Consider approaches to offering additional flexibility in 25.25I.040.A.2.
26. Consider additional guidelines in 20.25I.040.B to encourage shared parking.
27. Consider adding language to 20.25I.060.B around outdoor seating and displays and total width required to accommodate all identified functions.
28. Consider adding language to 20.25I.060.C that indicates a desire to “blur” retail activity with outdoor space.

Other Land Use Code Notes

1. Note: code does not sufficiently provide for activation of 130th Ave. “shopping street”.

Note: pedestrian emphasis guidelines do not specifically reference (or regulate) uses, including retail and food and beverage.

APPENDIX A. COSTAR RETAIL TYPES

The following section covers CoStar's retail type definitions.⁶¹

- **Freestanding:** Stand alone, typically, a single-tenant general purpose commercial-retail building that is free standing with open parking. Fast food restaurants are a good example of freestanding retail, as are larger "big-box" structures such as Best Buy and Circuit City, as long as they are not part of a shopping center.
- **Department Store:** Stand alone retail space inhabited by departments store tenants.
- **Storefront Retail/Office:** Defined by CoStar as a multi-story, multi-tenant building with a mix of retail and office uses. Located along a commercial strip where building usually abuts adjacent buildings, it fronts right on the street and has no parking or limited parking in the rear. These types of structures are generally located in downtown or older commercial areas.
- **Auto Dealership:** CoStar defines auto dealerships as new or used car dealership facility with substantial amount of building improvements that includes some or all of the following: showroom, offices, parts dept., auto repair/service dept., body shop.
- **Supermarket:** These buildings are often freestanding or stand-alone in design, and anchor neighborhood/community centers. Tenants range from smaller local, independent grocers to the regionally/nationally owned supermarket chains. Buildings usually have some truck loading capability in the rear (grade level, truck well, dock hi, etc).
- **Auto Repair:** Commercially zoned single and/or multi-tenant buildings featuring service/work bays for wide ranges of auto repair and auto care services.
- **Restaurant:** A building that provides sit-down dining only. May vary in size and range from small local establishments to larger national restaurant chains. May include bar and/or nightclub or other associated uses.
- **Storefront:** A multi-story, multi-tenant building (in some cases it may be single-tenant or owner/user building) with a mix of retail, office or residential uses, usually retail on ground floor with offices or

⁶¹ <https://www.costar.com/about/costar-glossary>

apartments above. Located along a commercial strip where building usually abuts adjacent buildings. This building fronts right on the street and has no parking or limited parking in the rear. These types of structures are generally located in downtown or older commercial areas.

- **Bank:** A building used as a bank building with a vault. Generally it has a drive-up and/or walk-up teller service or machines. Typically it may be a single-story building, but it may have mezzanine space or be multi-story.
- **Garden Center:** Provides retail/wholesale nursery items such as plants, shrubs, trees, landscape material and gardening supplies. Improvements usually consist of wood frame enclosed buildings, open sided covered (patio type) buildings, greenhouses and may include areas for growing inventory.
- **Movie Theatre:** Indoor facility that may be a single or multi-screen complex.
- **Service Station:** This property type includes both full-service and self-service gas stations that have a small cashier "kiosk" building. Self-service gas stations may have a mini-mart, or a fast-food restaurant tenant, and may also include a drive-thru car wash.
- **Day Care Center:** Single or multi-tenant building that offers child day care and/or pre-school services. Usually includes a playground area, may be divided into classrooms and have kitchen facilities.
- **Fast Food:** A restaurant that provides drive-thru and/or walk-up window service and may also have sit-down dining. Example: McDonald's, Burger King, Taco Bell, KFC, Boston Market, etc.
- **Drug Store:** Drug store buildings are usually located within a shopping center or along older commercial strips. They typically range in size from 12,000 to 20,000 sf.
- **Health Club:** A facility built and designed as a gym, health club, or tennis club. Amenities vary and may include: weight rooms, aerobics floor, sauna, steam room, Jacuzzi, pool, basketball court and tennis court.
- **Storefront Retail/Residential:** A multi-story, multi-tenant building with a mix of retail and residential uses, usually retail on ground floor, or in front, and residential above or in the rear. This building fronts right on the street and has no parking or limited parking in the rear. These types of structures are generally located in downtown or older commercial areas.

- **Veterinarian/Kennel:** Typically, an industrial zoned property used to board and care for animals. Can also be used for the breeding of animals, usually dogs or cats.
- **Convenience Store:** Indicates there is a convenience store in the building.
- **Bar/Nightclub:** This type of property includes all types of drinking/entertainment uses such as bars, cocktail lounges, taverns, and nightclub/dancing establishments. May have limited kitchen facilities and food menu.

APPENDIX B. ESRI TAPESTRY SEGMENTATION DATA GROUPS

The following document various Life Mode categories, as defined by ESRI⁶², as well as their top related tapestry segments:

- **Affluent Estates:** Established, wealthy, educated and well-traveled married couples, of which nearly all are homeowners with mortgages. Notable tapestry segment classifications include **Top Tier** and **Savvy Suburbanites**.
- **Upscale Avenues:** Prosperous, primarily older married couples living in dated suburban settings, many of whom are homeowners, are financially responsible and are serious shoppers. Prominent segment subgroupings include **Urban Chic** and **Enterprising Professionals**.
- **Uptown Individuals:** Predominantly young and successful singles, living in the city, who have significant credit card and/or student loan debt. Individuals in this group are ambitious, tech savvy and adventurous. Featured in this segment are those who are segmented into **Laptops and Lattes**, **Metro Renters** and **Trendsetters** buckets.
- **Family Landscapes:** Young families residing in their first home, within suburban or semirural areas, many of whom are homeowners (nearly 80%), with dual incomes, are socially active and avid sports enthusiasts.
- **GenXUrban:** Middle-aged, married couples who represent a growing population of retirees. Many are financially savvy and well-invested, rely heavily on traditional and outdated news sources, and often opt for modest entertainment options.
- **Cozy Country Living:** The largest of the LifeMode groups by representation, this encapsulated mainly rural dwellers who are more

⁶² [Esri Tapestry Segmentation—Esri Demographics Regional Data | Documentation \(arcgis.com\)](https://www.esri.com/arcgis.com)

conservative, are highly self-sufficient and enjoy outdoor-heavy recreational activities.

APPENDIX C. TECHNICAL NOTES ON DESIGN CONSIDERATIONS FOR RETAIL USES

Complete sidewalks are necessary for retail to thrive. Examples of areas where this concept is best demonstrated include Seattle’s South Lake Union neighborhood, 4th Street in Berkley, and Downtown Los Angeles’ Arts District. Critical components of efficient sidewalk design that enable and enhance retailer attractiveness include:

- The sidewalk should provide a way for retail to spill outside while inviting customers to participate in retail.
- There should be around 15-20 feet of space between buildings and the curb to allow for active sidewalk uses. Examples of sidewalk active uses include:
 - Dining and other retail opportunities
 - This includes specialty and experiential retailers with outdoor spaces and/or interactive window displays, some grocery or drug stores that have outdoor displays, yoga studios and art galleries that invite passersby to look in and view activities going on inside shop.
 - Impromptu meetings
 - Space traditionally reserved for auto uses are returned to the pedestrian, with bicyclists in mind
 - Involve the local community and artists
- Sidewalk improvements including materials should be appealing, practical and utilitarian, especially in the following ways:
 - Match parklets with active businesses
 - Combine seating and landscaping
 - Street trees for shade
 - Tree bases can be both ornamental and practical
 - Utilitarian infrastructure such as bike share
 - Protection from the elements to lengthen the “sidewalk season”
- Sidewalk improvements should be durable, appealing and practical. Key elements of sidewalk design to focus on include:
 - Contemporary seating

- Unique bicycle racks
- Painted or patterned crosswalks
- Street parking treatment (pavers, striping, trees)
- Consistent street and pedestrian lighting
- Planters on sidewalks
- Public art installations that complement the pedestrian experience
- Emphasis should be made to avoid inactive uses, which refers to situations where flow of retail district is broken, interrupting pedestrian interaction with built environment. This includes office buildings, inward facing retail users, and retailers that do not typically operate during evening hours, such as auto repair stores, medical facilities and retailers with poor design/layout.

Another effective method to boost retail traffic occurs when transparent storefront practices are implemented. Many cities across the United States have adopted storefront transparency design guidelines or ordinances to increase retail visibility. Signage is also an important way to solidify and give authenticity to commercial districts and strips, in addition to allowing retailers to project their brand. Best practices of signage include:

- Develop a master sign program that defines tenant, project (or district) and way-finding signage standards.
- Focus on appropriate signage types, especially considering tenant needs. For example, large pan-channel letters are good for suburban strip centers, but blade signs, window decals and awnings may be more appropriate for pedestrian districts or areas where vehicular traffic flows more slowly.
- High visibility monument signage that announces a project or district.

Retail bay depth is another critical design component to establishing successful and lasting retailers. Store layout planners typically assume about a 60-foot bay depth, with the ideal number falling somewhere between 55 and 65 feet. If any of these dimensions are shifted, or the store width is minimized, which is typical in ground-floor retail spaces or mixed-use developments, this presents a challenging design constraint for prospective tenants, and often boxes out many prospective retailers.