



2023 ECONOMIC DEVELOPMENT ACTION PLAN



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STATEMENT FROM MAYOR MCFARLAND

It is my honor and privilege to share with you the City of North Bend's Economic Development Action Plan. This plan is the culmination of an eight-month process and is one of several interconnected plans that seek to improve the quality of life and advance the economic conditions of the city and our residents.

This Action Plan will serve as a roadmap for the City and its partners in the implementation of strategies that create opportunities for residents, businesses, and the City while addressing the unique challenges our community faces. These challenges include the growing unaffordability of housing for existing and potential residents, the lack of needed infrastructure that will allow for more housing and jobs within the city's urban growth boundary, enticing visitors to stay and spend more money in our community, and to provide long-term stability for the City's finances.

These challenges are daunting. But we are prepared to do the hard work necessary to create an environment that protects our community's character, respects our planet, and provides ample opportunities for our residents and businesses to improve their economic condition.

Background and Purpose

The gateway to countless recreational adventures and outdoor experiences in the Washington Cascades and Snoqualmie Valley, at the foot of prominent Mt. Si and just 30 miles east of Seattle, North Bend is experiencing a period of unprecedented interest as a place to live, work, shop, and play.

As the Puget Sound region continues to thrive, and quality of life becomes a chief factor in residential and business decisions, development pressure in North Bend is accelerating and will continue to do so for the foreseeable future. This critical period of growth presents both challenges and opportunities for North Bend that merit attention and understanding to inform decisions and direct growth in a way that best meets the needs and desires of the community.

The city of North Bend is located within a designated Urban Growth Area and required to meet population growth targets as established under the Washington State Growth Management Act. Following a development moratorium in the early 2000s,



North Bend has experienced rapid residential growth since 2010 that has greatly increased demand for commercial goods and services, employment opportunities, and quality of life amenities such as parks, safe streets, pathways, and gathering places.

In response to this growing list of needs, City Council directed staff to create an economic development strategy to inform and guide decision making related to the city's recent,

ongoing, and anticipated growth and ensure balanced and sustainable revenue sources to meet the needs of a growing community.

This Action Plan is the culmination of this directive and is intended to serve as a living document that guides economic development decisions into the future and tracks progress toward stated goals and objectives.

URBAN GROWTH AREA

The City of North Bend exists in an Urban Growth Area (UGA) within King County. UGAs were created by the Washington State Legislature as a way to focus growth and protect undeveloped natural areas from sprawl and development unfriendly to the environment. Under RCW 36.70A.110, designated counties must identify areas where growth will be focused.

These areas are the only places where large scale development is allowed to occur. Furthermore, in order to meet demand, these areas also have growth targets they must meet to remain in compliance with state law. The purpose of these growth targets is to allow communities to meet development demand without artificially increasing costs due to the limiting geography.

Planning Process and Timeline

Following City Council's directive in 2020 to develop an economic development strategy, City staff worked alongside the Economic Development Commission through 2021 to develop an economic development vision and high-level set of goals that would guide the direction of the city's economic development strategy.

In June 2022, City Council approved a contract with Place + Main Advisors to expand upon these goals and assist in the development of an Economic Development Action Plan. The process for developing this Action Plan has included extensive stakeholder outreach including multiple focus groups, meetings, and individual interviews with

local business owners, property owners and developers, City staff, members of City Council and Commissions, and key local and regional partners. This outreach resulted in a deep understanding of existing issues and challenges as well as needs and opportunities that help inform the strategies within this Action Plan.

In addition, this Action Plan takes into account findings from extensive data analysis that highlight key trends in demographics, housing, employment, and retail and commercial activity since completion of the City 2018 Economic Profile. A snapshot of key findings are included in the

following Existing Conditions section and complete results are included in the Appendix. Finally, the planning process for this Action Plan included an inventory and review of previously proposed recommendations and strategies in existing documents, including the 2008 Downtown Master Plan, 2015 Economic Development Element of the Comprehensive Plan, 2018 Brand Implementation Guidelines, and 2018 Economic Profile. Many of the themes and recommendations in these documents remain relevant. The strategies within this Action Plan align with and build upon many of these earlier recommendations.

Economic Development Action Plan Timeline



VISION

An economically diverse and sustainable community reflecting North Bend's unique identity as a highly livable town and outdoor recreation destination

GOALS

1

Healthy, Thriving Businesses

Businesses are successful in North Bend and can access City services with predictability and consistency

2

Fiscal Sustainability

The City of North Bend is able to meet its financial obligations, promotes efficient development, and creates the conditions for development to be successful

3

Increase Housing Opportunity

There are a variety of housing types and price ranges to make North Bend more livable

4

Leverage Tourism, Arts & Culture, & Recreation Opportunities

Using the area's natural resources, arts & cultural assets, and recreation system to attract both visitors and potential residents

5

Increase Walkability of Downtown, Commercial Districts, & Neighborhoods

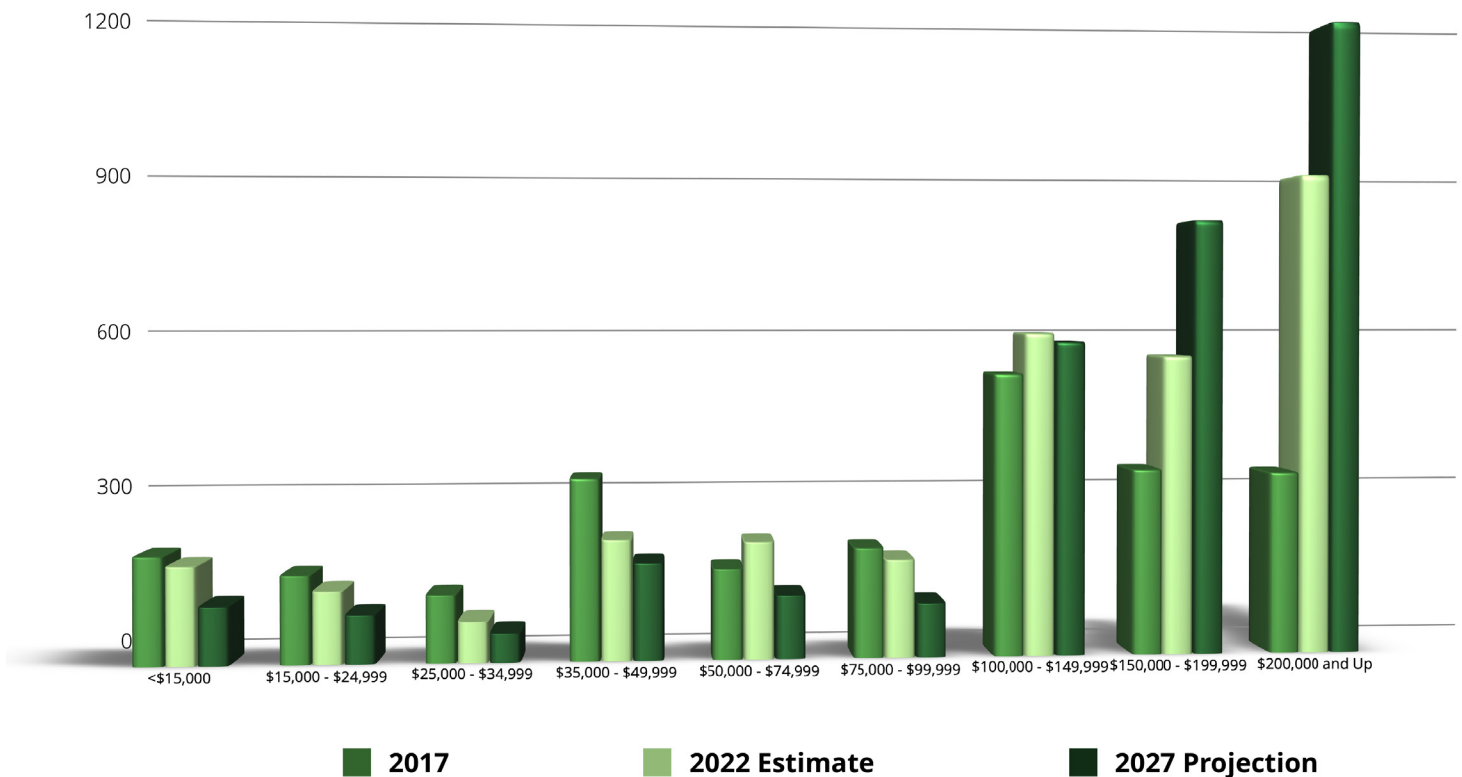
Make the community safe for pedestrians of all ages and abilities to traverse the community on foot or bicycle

Existing Conditions

An assessment of existing conditions based on many stakeholder conversations and in-depth data analysis provide an up-to-date snapshot of North Bend. Key takeaways from the demographic analysis are shown below and the complete Economic Profile is included as an Appendix beginning on page 21.

Key Data Points- Household Income Detail

Source: US Census, ESRI 2022

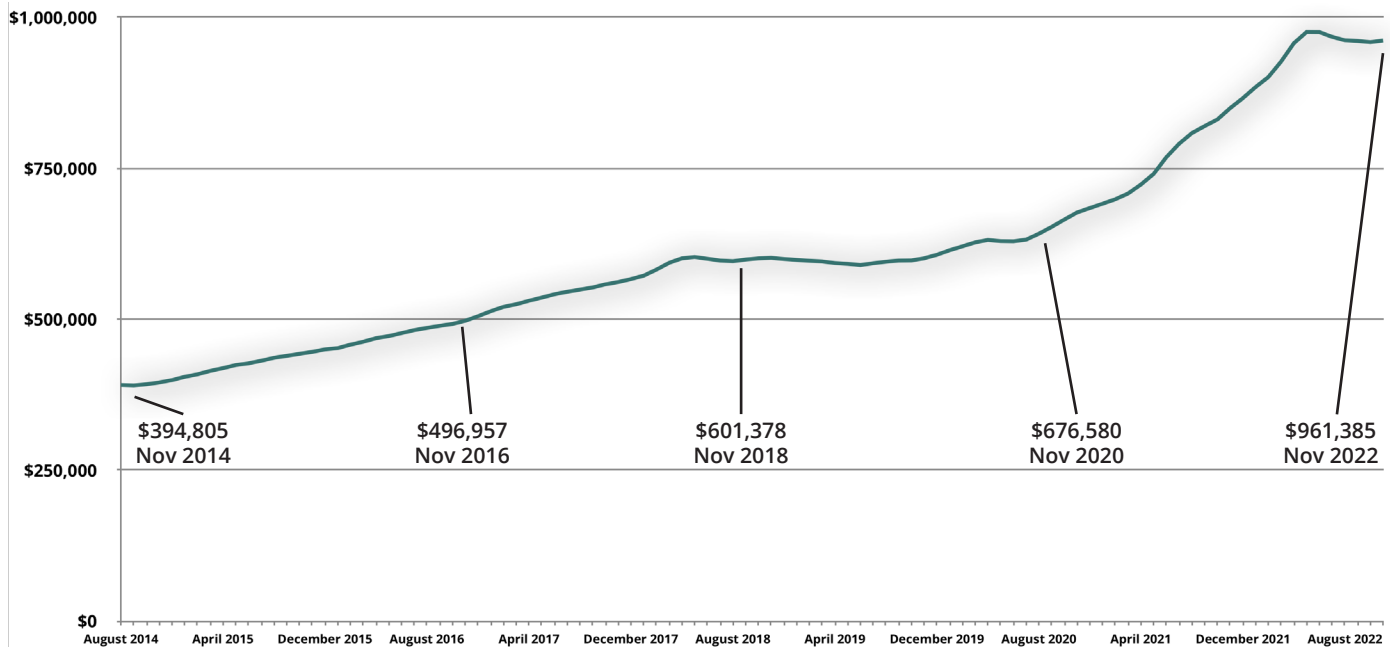


The graph (above) and chart (right) show the current estimates and future projections for the breakdown in household income among all households in the city. There are a significant number of households above \$100,000, and those above \$150,000 are expected to grow by 2027. However, the households below \$100,000 are expected to shrink, meaning the city's more affluent residents will continue to grow in affluence and those who are struggling financially will do the opposite.

	2017	2022 Estimate	2027 Projection
<\$15,000	198	180	107
\$15,000 - \$24,999	162	133	89
\$25,000 - \$34,999	124	75	53
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\$50,000 - \$74,999	167	216	117
\$75,000 - \$99,999	203	181	100
\$100,000 - \$149,999	523	598	582
\$150,000 - \$199,999	344	555	808
\$200,000 and Up	337	893	1,179

Existing Conditions

Key Data Points- Average Home Sale Price

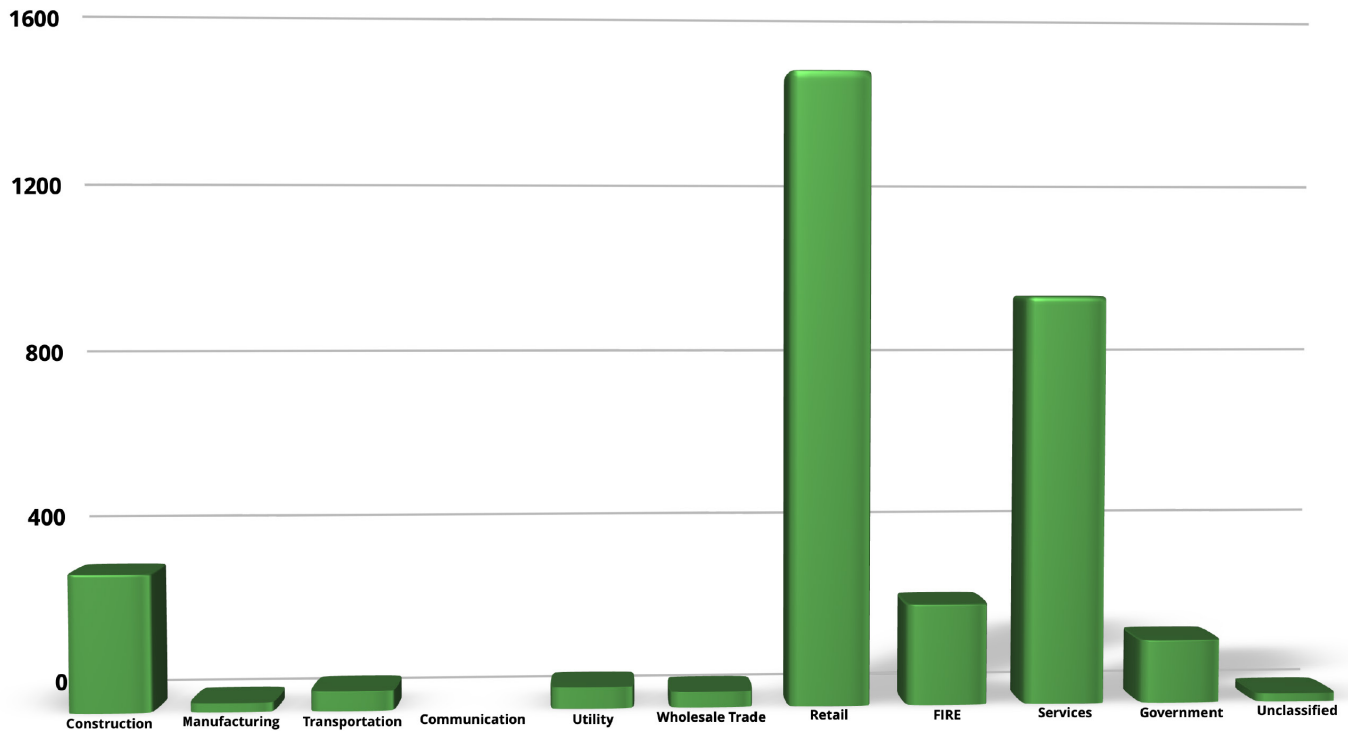


Source: ZILLOW, 2022

The graph (above) shows the increase in average home sales in the city from August 2014 through November of 2022. During the last eight years, home prices have more than doubled. While North Bend is hardly alone in the Puget Sound region facing this challenge, it is still a formidable challenge to those seeking to remain in the community or move to it. This sales data combined with Household Income trends shows that home ownership, the single biggest financial asset most Americans have, is out of reach for a significant portion of the community.

Existing Conditions

Key Data Points- Employment in North Bend



Source: ESRI 2022

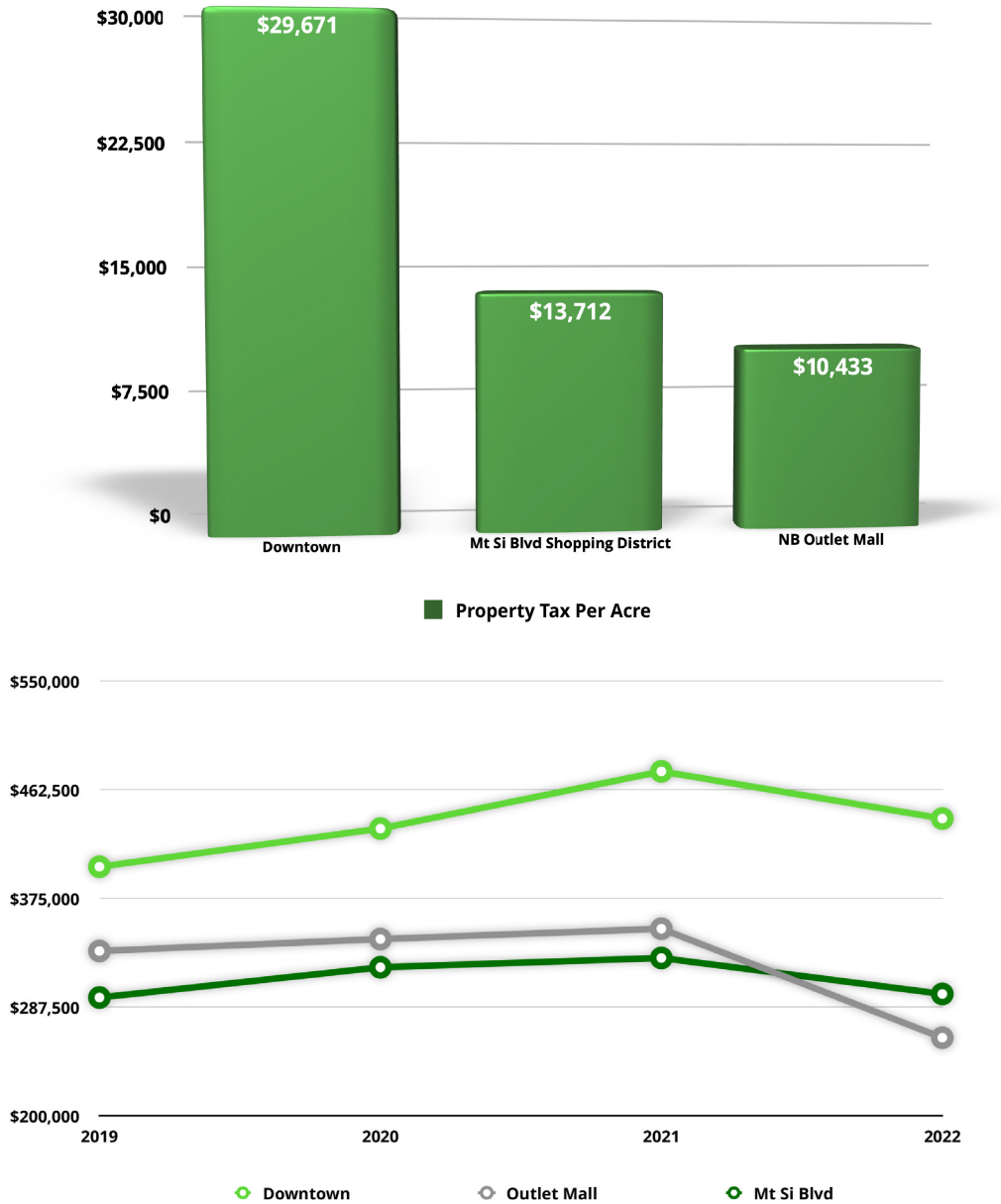
As the chart (right) and graph (above) demonstrate, the diversity of jobs available in the city are not as balanced as those jobs held by residents. The city's local economy has a heavy reliance on retail and service-based businesses and reflect that in employment data. These two sectors often have lower paying wages and, combined with increasing housing costs, likely contribute to why workers live outside the city and commute in.

A diversity of employment opportunities as well as a diversity in housing opportunities would bring more balance to the community.

Business Type	Employees
Agriculture & Mining	22
Construction	313
Manufacturing	21
Transportation	45
Communication	0
Utility	49
Wholesale Trade	36
Retail Trade Summary	1,445
Finance, Insurance, Real Estate Summary	232
Services Summary	935
Government	145
Unclassified Establishments	19

Existing Conditions

Key Data Points- Business District Property Tax Revenue Comparison



Source: City of North Bend, WA, 2021, 2022

The graphs above show a comparison of the three major commercial districts in the city. The top graph shows a comparison of the three districts based on property tax revenue per acre in 2022, while the graph below shows the total property tax revenue from the three districts over the past four years. Both of these graphs demonstrate how much more productive the Downtown district is in terms of property tax revenue.

Existing Conditions

Key Data Points- Vacancy Rates

Vacancy rates for retail, office, industrial space and multi-family residential units are below national averages suggesting a need for additional development of these uses. A breakdown of these sectors is below:

Retail

Retail vacancy rate fluctuated from 5% to 3% in the last 5 years, and as of November 2022, it stood at 3.9%. The US average for the same period was 4.3%. Despite some notable vacancies in the Outlet Mall and downtown, a 4% vacancy rate is considered almost fully occupied.

Office

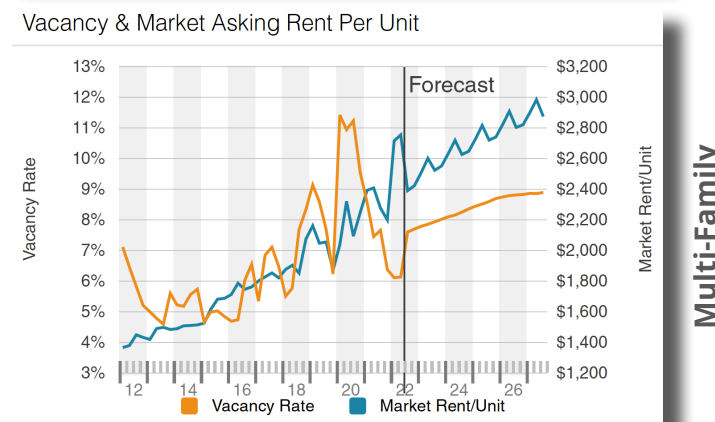
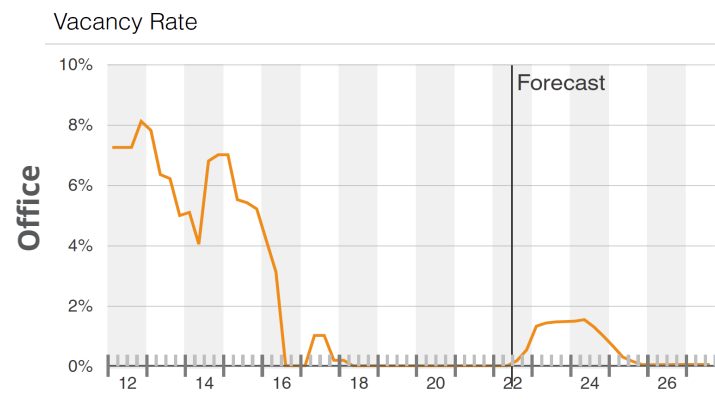
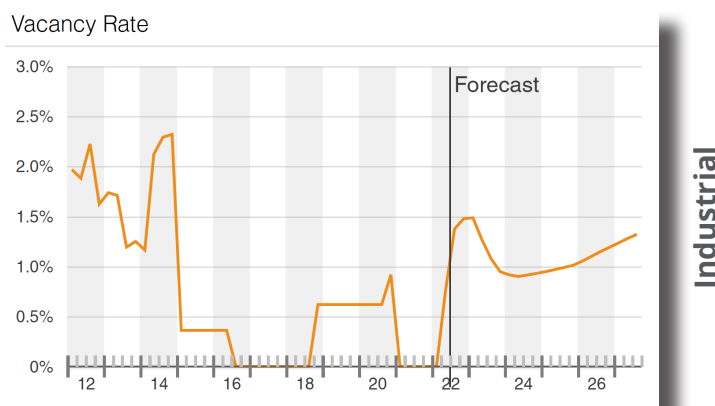
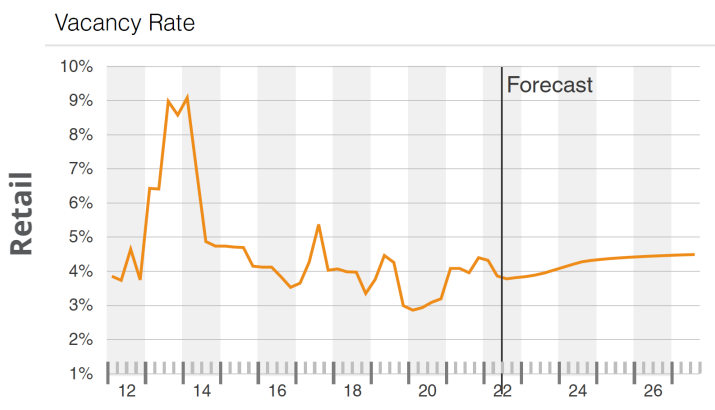
North Bend's Office sector is robust, with a 0% vacancy rate since 2016, and all available space occupied as of November 2022. Although limited, there is a market to support more office real estate in the city, as the US average for Office vacancy during the same period was 12.4%.

Industrial

Arguably as strong of a market as Office, the city's Industrial space has a very strong ten year history. It's "high" point was 2.3% and is currently near 1%. There is opportunity for additional Industrial space, preferably for businesses that dovetail with the community's values.

Multi-Family

The city's Multi-Family sector has high demand but also the highest vacancy rate due to expensive housing production and unaffordability for potential residents. Rent prices have doubled in the last decade and are predicted to rise by 21% in the next five years, as shown in the graph (bottom right).



Primary Challenges

This analysis of existing conditions, along with comments from stakeholders, reveal the following primary challenges that point toward areas of need and opportunity as North Bend proceeds through its existing evolution of growth.

Primary Challenges
1. A lack of housing options stemming from dramatically rising home prices and rents is a growing challenge for much of the city's workforce and longer-term residents
2. Development is perceived as burdensome and expensive by small-scale developers and business owners looking to develop or expand in North Bend
3. Lack of basic infrastructure is limiting economic potential of commercial and industrial zoned properties
4. Lack of non-motorized connectivity, and general awareness between commercial areas and major destinations, is reducing "secondary stops", meaning less time and money spent in North Bend
5. Underutilized properties and abundance of auto-oriented uses in downtown reduce walkability, vibrancy, and sense of place
6. Current utilization of space at Trucktown (Exit 34) leads to unsafe semi-truck parking and is limiting development potential at the eastern gateway to North Bend
7. Vacancies and abundant surface parking at the outlet mall are limiting revenue and have significant redevelopment potential
8. Lack of proactive community marketing may be limiting North Bend as a place to locate a business
9. Shortage of celebrated public gathering spaces and organizational capacity of downtown business community is limiting vibrancy of historic business district
10. Absence of a full-service hotel limits overnight visitors and tourism-related revenue
11. Limited inventory of commercial buildings is reducing opportunities for businesses and leading to significant North Bend resident spending that is "leaking" to other communities

Economic Development Objectives

Based on findings from the data analysis and the primary challenges identified above, this Action Plan identifies the following objectives that align with North Bend's economic development goals. Each objective includes a set of potential metrics the City may baseline and track to help measure success and monitor trends.

Objective	Possible Metrics
A. Strengthen & Diversify Economic Base Increase the number and type of businesses located within the city to better match demand for services <ul style="list-style-type: none"> - Increase information and resources to facilitate (re) development of priority vacant or underused properties within existing infrastructure footprint - Extend, acquire, or upgrade infrastructure needed to develop vacant or underutilized parcels in appropriately zoned areas 	<ul style="list-style-type: none"> • Jobs/housing ratio • Commercial acres readily developable • Property tax revenue by geographic area or by zone type • B&O and/or sales tax receipts • Retail/commercial vacancy rate • Number of active business licenses
B. Increase & Diversify Housing Increase the number and typology of housing units to provide housing opportunities for an economically diverse population <ul style="list-style-type: none"> - Consider recommendations included in the Housing Needs Action Plan (expected completion: June 2023) - Develop partnerships that will provide funding for workforce housing 	<ul style="list-style-type: none"> • Number of residential units that are not detached, single family homes • Number of residential units offered below market rate or with max income restrictions
C. Invest in Quality of Life Infrastructure and Activities Increase community connectivity and vibrancy to foster a strong sense of place and build upon North Bend's brand as a highly livable town and outdoor recreation destination <ul style="list-style-type: none"> - Improve physical connections throughout the city, including non-motorized mobility options - Celebrate and expand upon cultural and historic resources through events, marketing, and art 	<ul style="list-style-type: none"> • Miles of sidewalk and pathways • Number of attractions or events
D. Make North Bend a Desirable Place to Do Business Pursue actions that entice and support businesses and build upon North Bend's brand and identity <ul style="list-style-type: none"> - Improve development services for prospective businesses & small-scale developers, especially those within the recreation, technology, and medical/health care economies - Improve resources for, and communication with, existing businesses owners that will strengthen their operations 	<ul style="list-style-type: none"> • Time to achieve building and occupancy permits • Number of sector-specific incentives provided • Number of existing businesses receiving support services

Actions to Address Challenges

This section outlines strategies the City plans to pursue that 1) respond to one or more of the Primary Challenges outlined above and 2) align with the City's Economic Development Goals and Objectives. Each Strategy is followed by a brief description, the City's role, key partners, priority rating, estimated timeline, and summary of resource needs.

Strategies are ordered roughly based on priority, though all strategies listed are considered important. The tier system ranks the respective strategies based on the level of complexity required for their execution. The tier rating and timeline may change pending new information, unforeseen opportunities, availability of funding, and coordination with implementation partners. Strategies will be further refined and incorporated into workplans based on further research and conversations with key stakeholders.

Tier 1	Tier 2	Tier 3
Projects in this tier will likely require significant action by the City Council as well as coordination with other entities.	Projects in this tier may need coordination with other entities, but can be executed at the administration level.	Projects in this tier can be executed by front-line staff along with administration support.

Action I. Create a Development Guide and Dedicated Support Services for Small Businesses and Developers to Encourage Targeted Development

To encourage incremental development, the creation of an easy-to-understand guide and designated staff support will help facilitate the development review process for smaller developers and businesses.

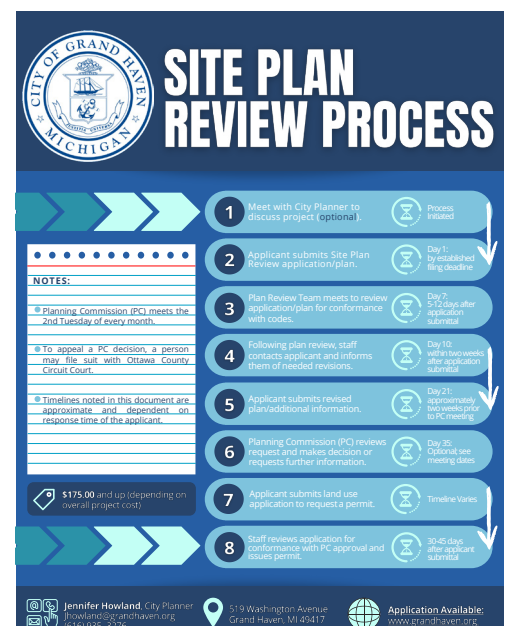
City Role: Lead

Key Partner(s): Local Developers

Tier: 2

Timeline: 1-2 years

Resources: Low-cost internal initiative



Creating a process map that shows a simple outline of the steps needed would help small developers understand the development process the City uses.

Action II. Continue Addressing Critical Infrastructure Needs Including Water, Sewer, and Streets

Addressing critical infrastructure needs will encourage development that matches current zoning expectations within the Urban Growth Area. Three main areas of focus include:

- Continue pursuing the recently formed Utility Local Improvement District (ULID) and build out of sewer infrastructure in the Meadowbrook area west of downtown
- Ensuring appropriate water allocation to all commercial properties on East North Bend Way to mitigate the impact of Sallal Water's moratorium
- Continue pursuing funding and implementation strategies for improvements to North Bend Way identified in the concurrent North Bend Way Complete Streets Plan

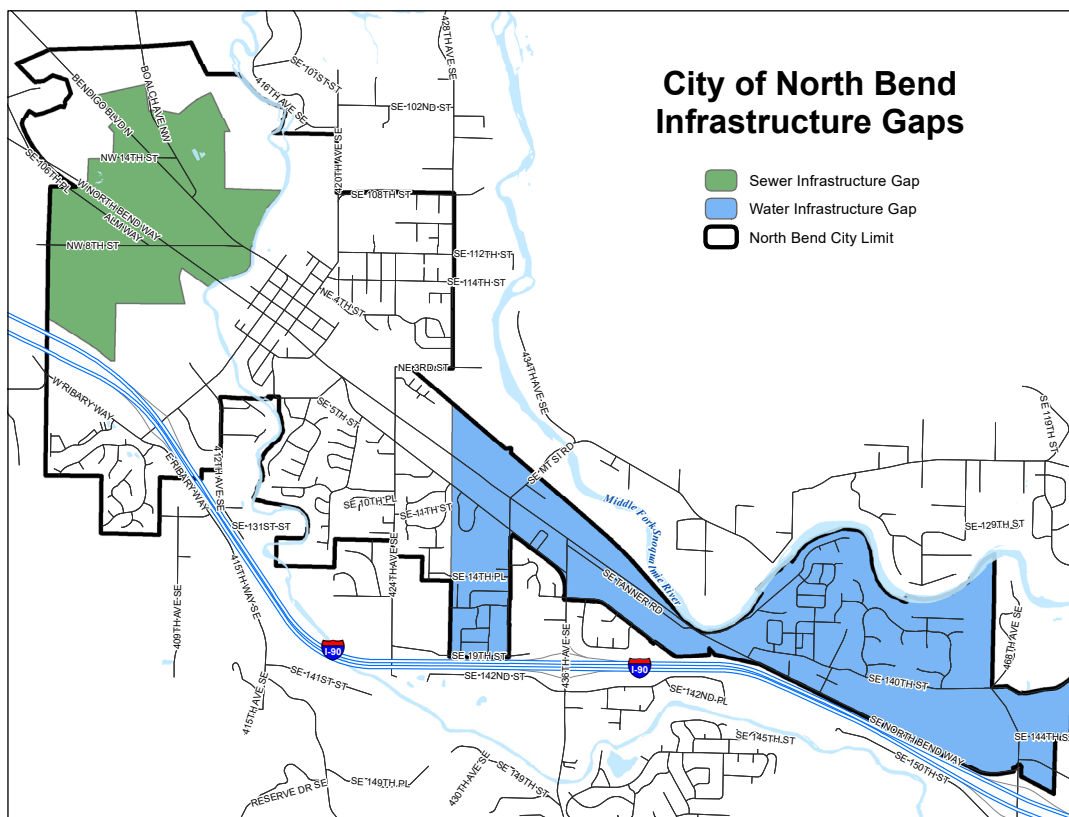
City Role: Lead

Key Partner(s): Sallal Water Association

Tier: 1

Timeline: 2-10 years

Resources: Significant capital project; complex financing; design, engineering, and construction



Actions to Address Challenges

Action III. Partner With Public, Private, and Nonprofit Sectors to Assist in Solving Housing Challenges Related to Workforce and Affordability

Pursuing partnership and funding to create attainable and affordable housing opportunities in North Bend is vital to making sure those who work in the city can afford to live in the city. The City's concurrent Housing Action Plan and Needs Assessment (expected completion in mid-2023) will look to address this issue and create new housing options for all segments of the city.

City Role: Partner

Key Partner(s): State, County

Tier: 1

Timeline: Ongoing

Resources: TBD

Action IV. Enhance Presence of Marketing Materials to Attract Prospective Businesses

Creating marketing materials will help "tell the story" of North Bend and attract targeted sectors such as light manufacturing, technology, incubator space, and/or health care. This may include sharing the available inventory of properties suitable for businesses, demographic trends, and retail leakage data through one-page summaries, robust marketing packets, or a targeted website.

City Role: Lead

Key Partner(s): TBD

Tier: 3

Timeline: 1-3 years

Resources: Relatively low; staff time

Action V. Advocate for Improved Transit to Better Connect North Bend to the Region

Ensuring the availability of transit to and from North Bend to surrounding communities will help improve safe, affordable, and convenient mobility options for both residents and workers. The City should continue building partnerships with local, regional, and state agencies to improve transit convenience and connectivity.

City Role: Partner

Key Partner(s): Snoqualmie Valley Transportation, King County Metro; WDOT

Tier: 2

Timeline: Ongoing

Resources: Low cost; Staff time



Existing transit options are limited for North Bend residents and employees. Further investment in reliable and convenient transit options will improve North Bend's connection to the region and increase access between homes and jobs.

Actions to Address Challenges

Action VI. Inventory the Current Network of Sidewalks and Pathways and Identify Key Gaps

Walking and biking are key elements of increasing vitality and quality of life. An inventory of sidewalks, trails, and pathways throughout North Bend will allow for identification of key gaps that should be prioritized for design and construction funding.

City Role: Lead

Key Partner(s): Si View Metro Parks

Tier: 2

Timeline: 1-3 years

Resources: Mid cost; Some consultant support

Action VII. Partner with Business and Nonprofit Community to Enhance Marketing Strategies to Attract Tourists and Outdoor Enthusiasts

Creating or supporting sustained marketing materials to showcase the city and its surrounding outdoor, historic, and cultural assets will attract more visitors and businesses to the community and encourage visitors to spend more time in North Bend.

City Role: Partner

Key Partner(s): SnoValley Chamber, North Bend Downtown Foundation

Tier: 3

Timeline: Ongoing

Resources: Relatively low cost; financial support for partners

Action VIII. Partner with Developers and Property Owners to Complete Hotel at Outlet Mall and Consider Additional Hotel Sites to Encourage Longer Stays in North Bend

Working with key property owners and developers to bring full-service hotels to the community will further increase the community's ability to attract visitors to the city and increase support of local businesses. A developer has submitted plans for a hotel at the Outlet Mall and the project is currently under review by city staff.

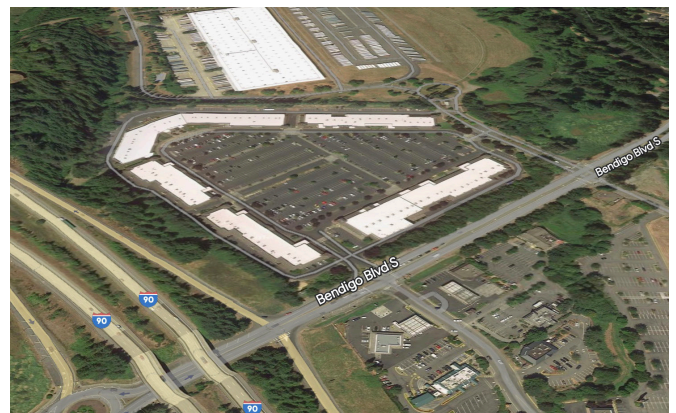
City Role: Partner

Key Partner(s): Hotel Developers, Simon Properties

Tier: 2

Timeline: 1-2 years

Resources: Low cost; staff time



The Outlet Mall is a prime site for a new hotel.

Actions to Address Challenges

Action IX. Develop and Market a Prioritized Inventory of Redevelopment Opportunities in the Downtown Core

Creating an inventory of vacant and underutilized parcels that are prime for redevelopment will help the city define priority locations for redevelopment and create additional commercial, office, or housing opportunities. The City may also consider additional incentives to accelerate desirable redevelopment process for targeted areas.

City Role: Lead

Key Partner(s): North Bend Downtown Foundation

Tier: 2

Timeline: 1-3 years

Resources: Mid cost; staff time, consultant support may be needed

Action X. Convene a Team of Stakeholders and Create a Redevelopment Strategy for Trucktown and Surrounding Properties at Exit 34

Convening a team of private and public stakeholders will allow for a coordinated plan to improve the functionality of the truck stop and enhance the appearance of North Bend's eastern gateway and launch point into the Cascades.

City Role: Partner

Key Partner(s): Port of Seattle, WSDOT, Travel Centers of America, King County

Tier: 1

Timeline: 2-5 years

Resources: Mid cost; staff time; consultant support may be needed



The area around Trucktown is in need of a re-envisioning process to improve functionality of the area and prevent congestion along the freeway.

Action XI. Partner with Downtown Business Community to Identify and Pursue Projects and Programs Aimed at Enhancing Downtown as a Destination

Pursuing designation as a Main Street Community will bring added awareness to the city and its downtown and build organizational capacity to pursue programs that will increase economic vitality and sense of place in and around downtown.

City Role: Partner

Key Partner(s): North Bend Downtown Foundation; SnoValley Chamber

Tier: 2

Timeline: 1-3 years

Resources: Mid cost; financial support of partners may be needed

Actions to Address Challenges

Action XII. Partner with Property Owner(s) to Develop a Master Plan for the Outlet Mall

Coordinating with the property owners of the outlet mall to pursue a shared vision will facilitate increased utilization of the land, enhance economic activity, and improve connectivity between the property and the remainder of the city.

City Role: Partner

Key Partner(s): Simon Properties

Tier: 2

Timeline: 2-5 years

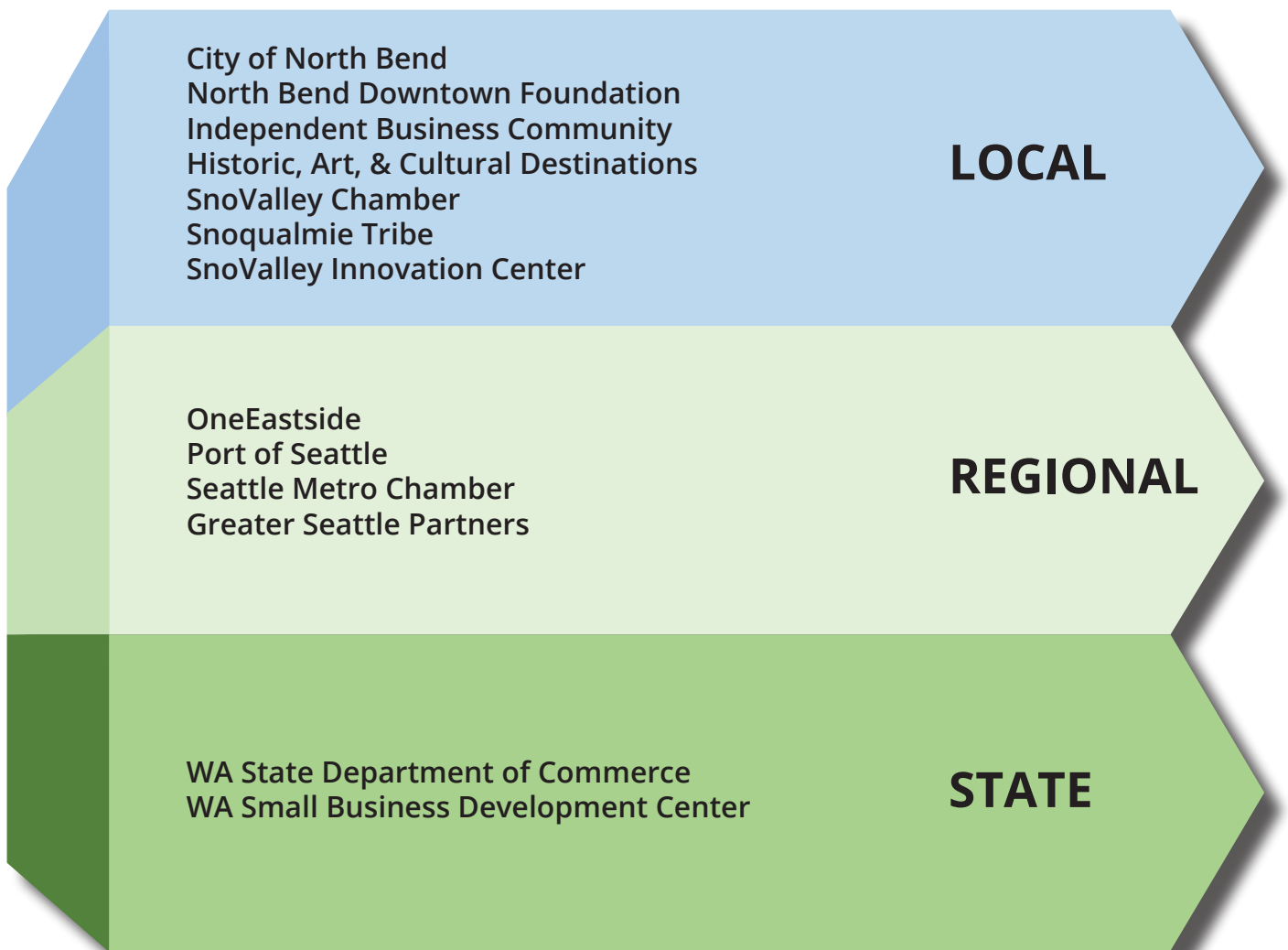
Resources: Mid cost; staff time; consultant support



The Outlet Mall, built in 1990, and surrounding area needs a Master Plan in order to explore options to increase utilization of the property .

Economic Development Partners

The creation of a successful economic development ecosystem in North Bend requires the involvement, commitment, and coordination of multiple entities that span local, regional, and state levels. While not an exhaustive list, the chart below outlines many of the key partners that help support North Bend's economic development ecosystem.



Economic Development Partners

At the local level, there is near constant communication and coordination to move initiatives forward. This is particularly true between the City, North Bend Downtown Foundation, and SnoValley Chamber of Commerce. While there is always some level of overlap between activities, the chart below offers an overview of the primary roles and strengths of each organization to help facilitate implementation of the recommended strategies and actions.

City of North Bend	Downtown Foundation	SnoValley Chamber
<ul style="list-style-type: none">• Long-range Planning & Zoning• Right-of-way Improvements• Partnership Convener• Code Enforcement & Permitting• Leverage Grants	<ul style="list-style-type: none">• Event Management• Streetscape Beautification• Local Business Engagement• Downtown Advocacy• Leverage Grants	<ul style="list-style-type: none">• Marketing and Tourism• Convene Political Leaders• Regional Business Engagement• Regional Advocacy• Leverage Grants

Appendix

Economic Profile

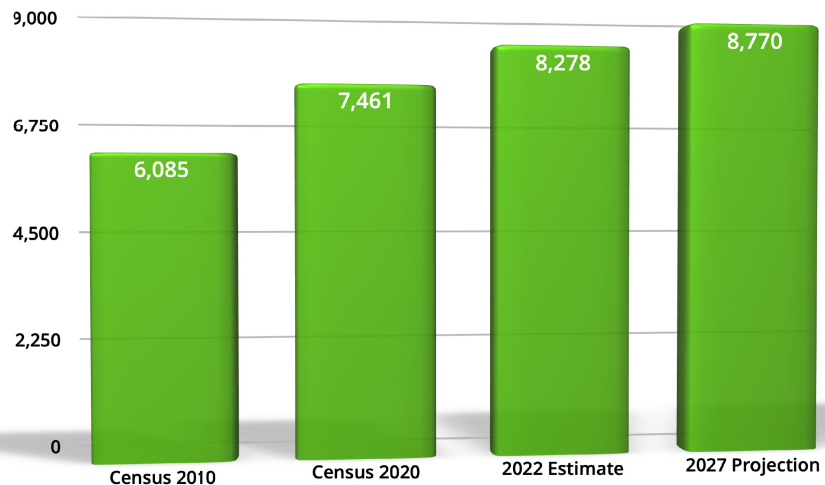
Key Data Points- Population and Household Trends

North Bend's population and households have grown steadily since the 2010 Census where the City's population was 6,085 people. In the 2020 Census, North Bend registered 7,461 residents, an average increase of 2.2% a year over the previous Census. By 2027, this number is expected to be 8,770 residents, reflecting an average annual increase of 2.5% over 2020 Census numbers.

The number of Households in the city shows a similar trend, growing an average of 2% per year between 2010 and 2020. By 2027, Household growth should average about 2.5% a year over 2020 Census numbers. This follows much of the same trends for King County and the Puget Sound region.

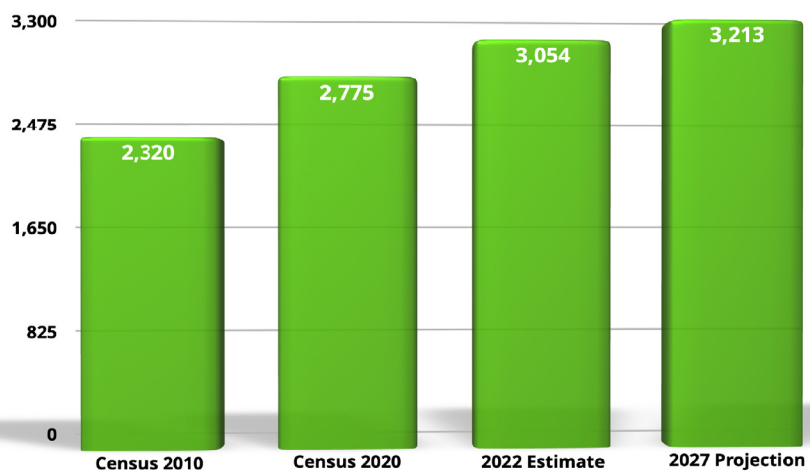
As a designated Urban Growth Area for King County, this trend should continue with development focused in the city and its neighboring communities. This growth provides both economic opportunity for residents and local businesses, but also offers challenges to the City as its infrastructure will need to continue accommodate future growth.

Population 2010-2027



Source: ESRI forecasts for 2022 and 2027

Households 2010-2027



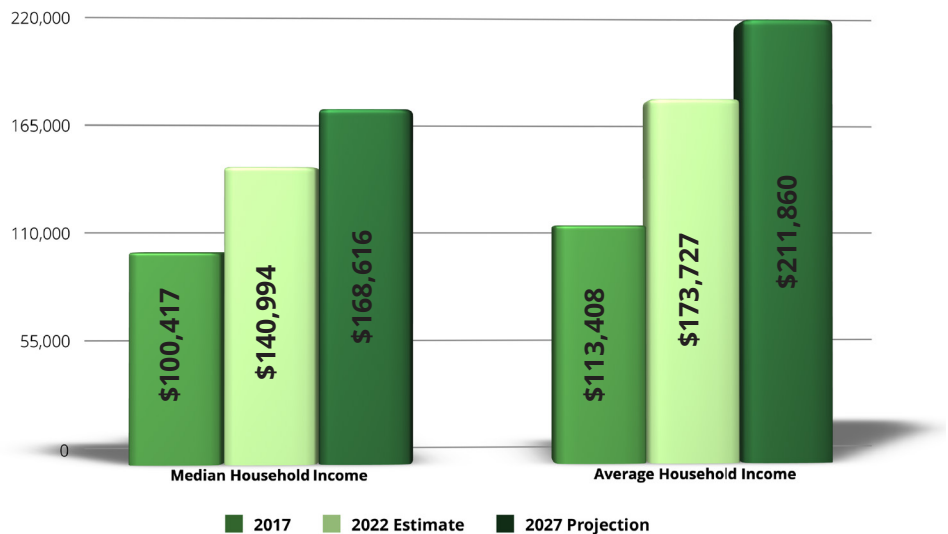
Source: ESRI forecasts for 2022 and 2027

Economic Profile

Key Data Points- Household Income

Household and Per Capita income are expected to continue to rise for city residents. Average Household Income is the total amount of income for all residents divided by the number of households. Median Household Income removes large outliers and is often regarded as a more accurate reflection of income. Per Capita income is the total amount of income divided by the number of residents

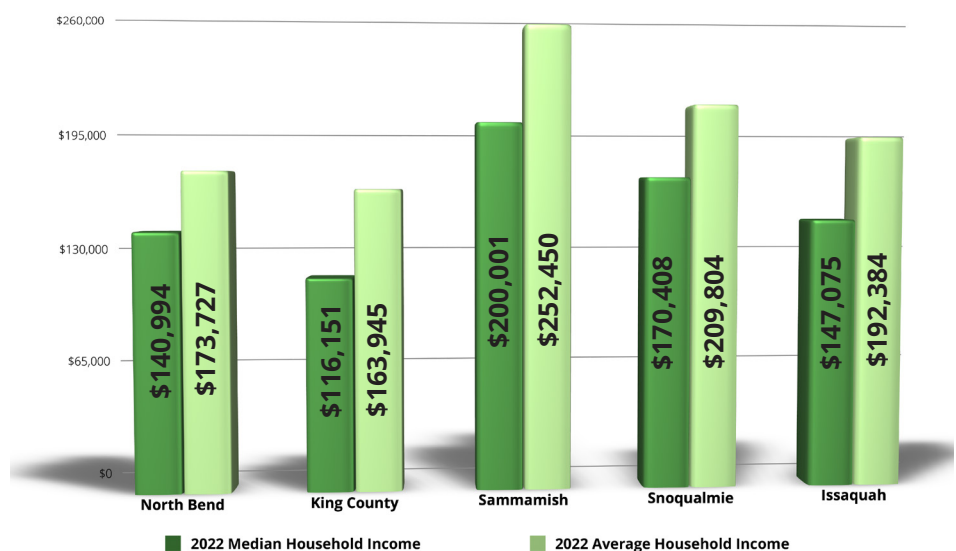
Household Income 2017 vs 2022 vs 2027



Source: US Census, ESRI forecasts for 2022 and 2027

Comparing North Bend's Household Incomes with that of neighboring communities and the King County average, the City has respectable Median and Average Household Incomes. It is below the Median and Averages of Sammamish, Snoqualmie, and Issaquah, but above the average for the County.

Household Income Comparisons

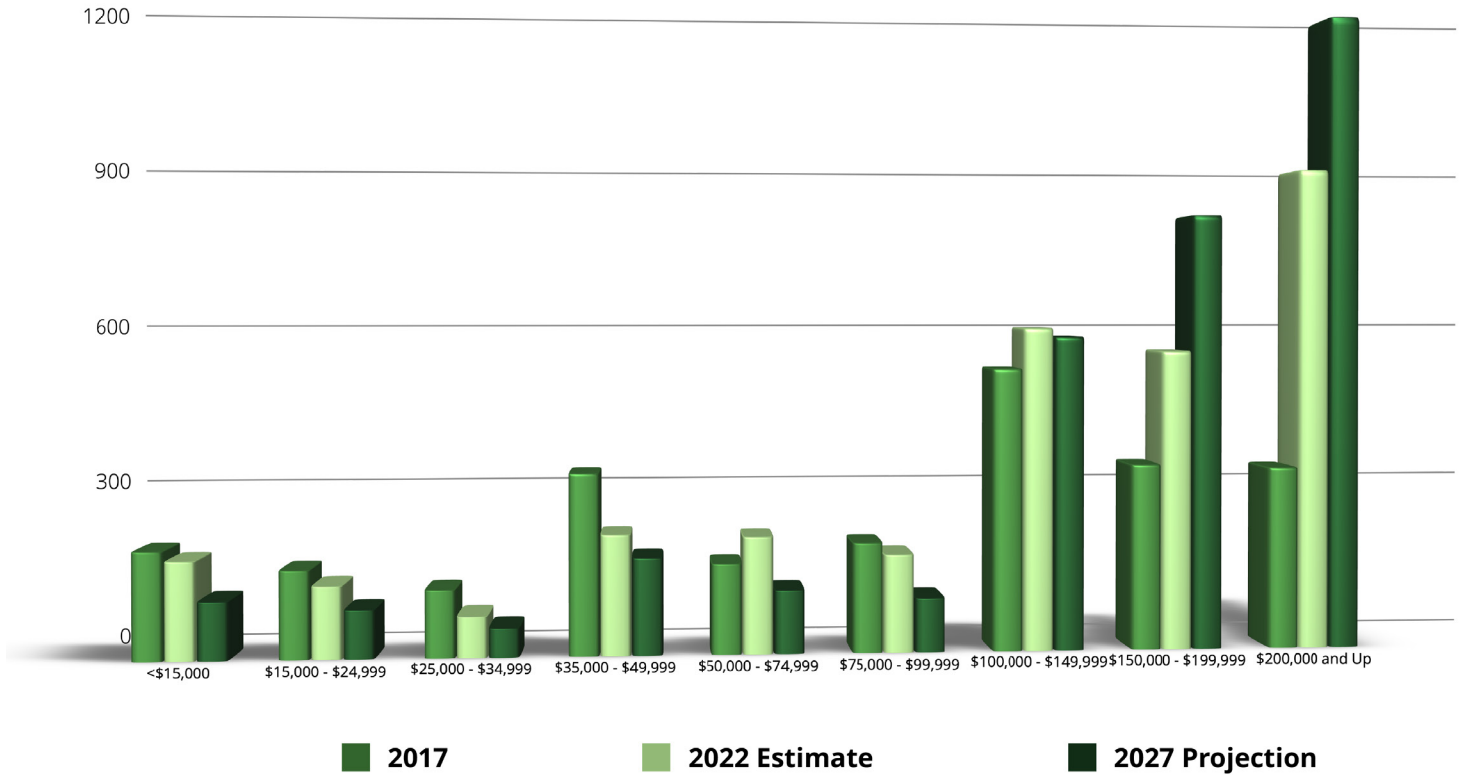


Source: ESRI forecasts for 2022 and 2027

Economic Profile

Key Data Points- Household Income Detail

Source: US Census, ESRI 2022

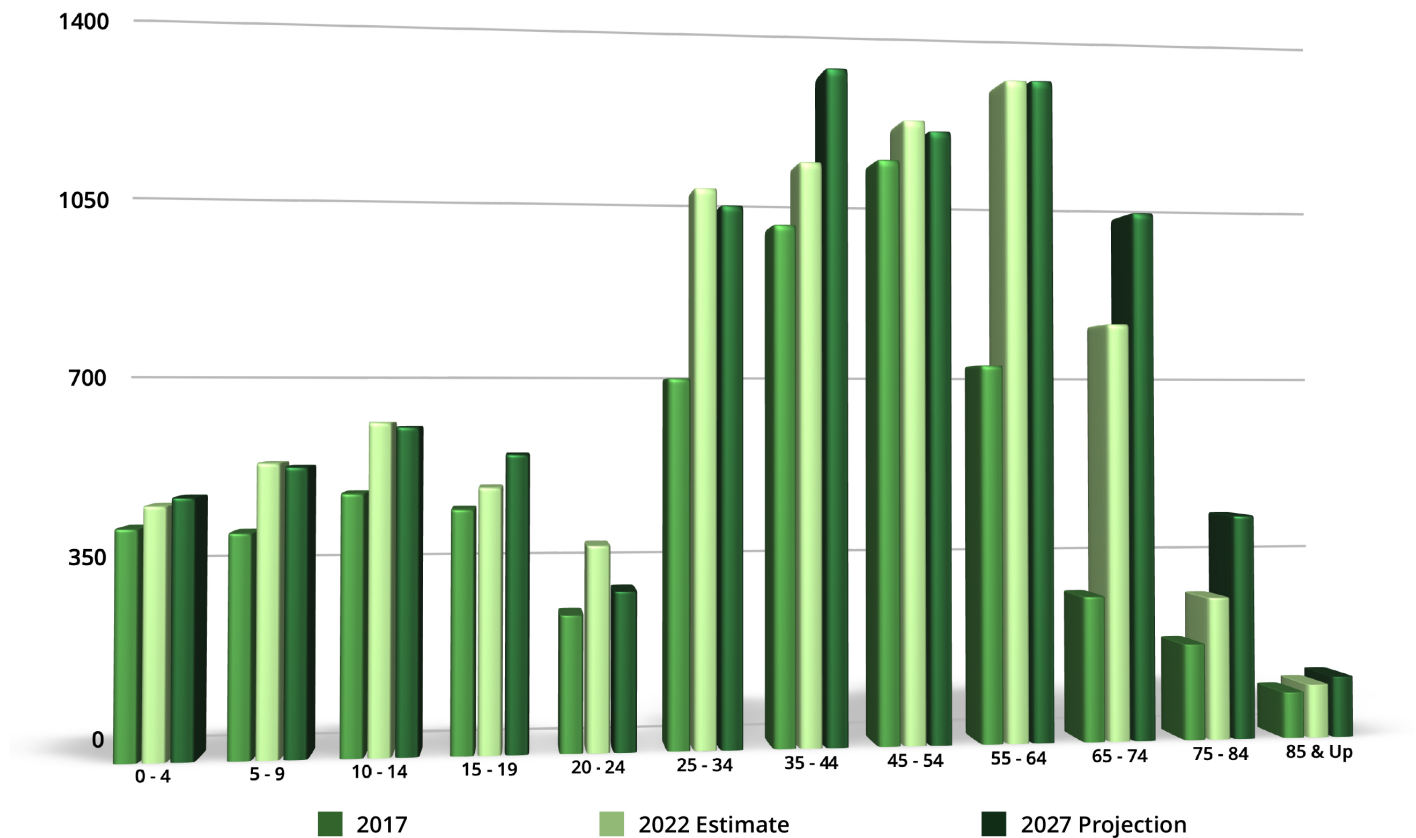


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Economic Profile

Key Data Points- Age Trends



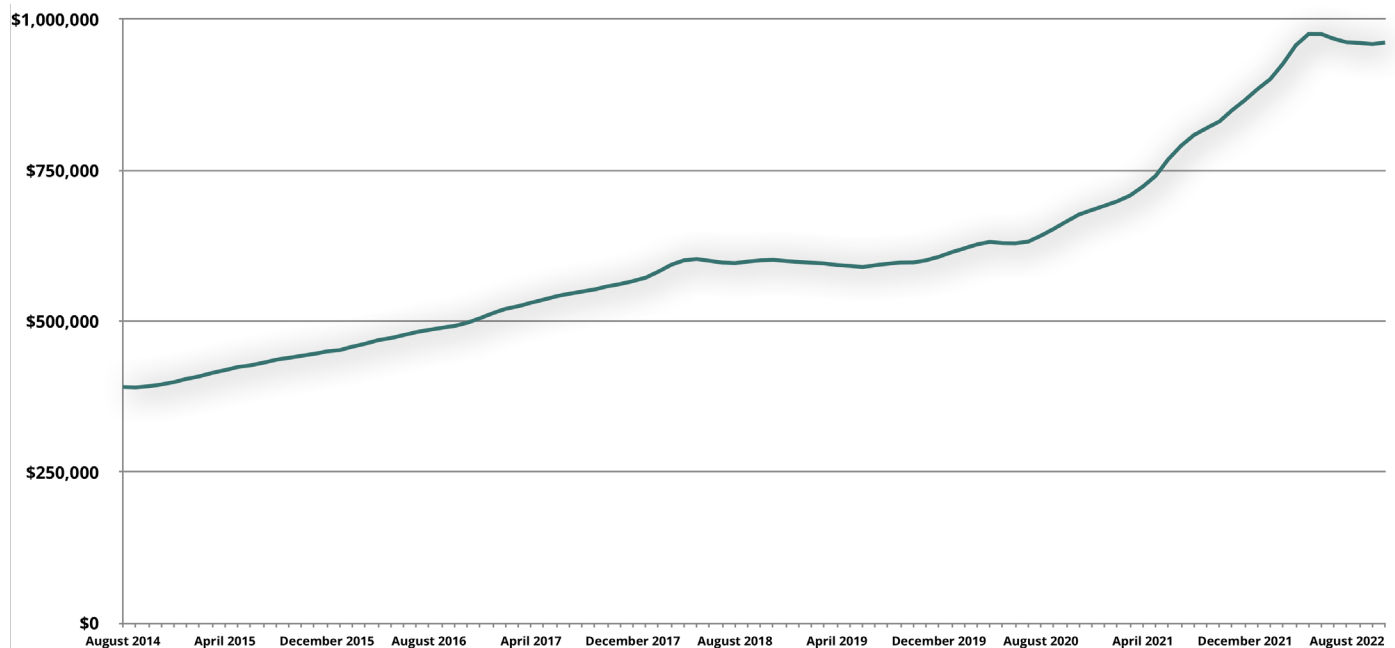
Source: US Census, ESRI forecasts for 2022 and 2027

Population by Age	2017	2022 Estimate	2027 Projection
0 - 4	421	462	477
5 - 9	412	539	532
10 - 14	483	613	605
15 - 19	453	493	554
20 - 24	256	384	299
25 - 34	695	1,052	1,020
35 - 44	985	1,104	1,284
45 - 54	1,111	1,187	1,167
55 - 64	721	1,269	1,269
65 - 74	278	801	1,016
75 - 84	184	273	431
85 & Up	88	102	117

The graph (above) and chart (left) show 2017 estimates, 2022 estimates, and future projections for the breakdown in age of the population in the city. Most age groups are expected to either remain relatively steady or increase with the exception of two notable categories: 20-24 year olds and 25-34 year olds. These two age groups are significant as they qualify as “young professionals.” While not at an alarming rate, it is still important to note.

Economic Profile

Key Data Points- Average Home Sale Price



Source: ZILLOW, 2022

The graph (above) shows the increase in average home sales in the city from August 2014 through November of 2022. During the last eight years, home prices have nearly doubled. While North Bend is hardly alone in the Puget Sound region facing this challenge, it is still a formidable challenge to those seeking to remain in the community or move to it. This sales data combined with Household Income trends shows that home ownership, the single biggest financial asset most Americans have, is out of reach for a significant portion of the community.

Economic Profile

Key Data Points- Pre-Covid Commute Patterns

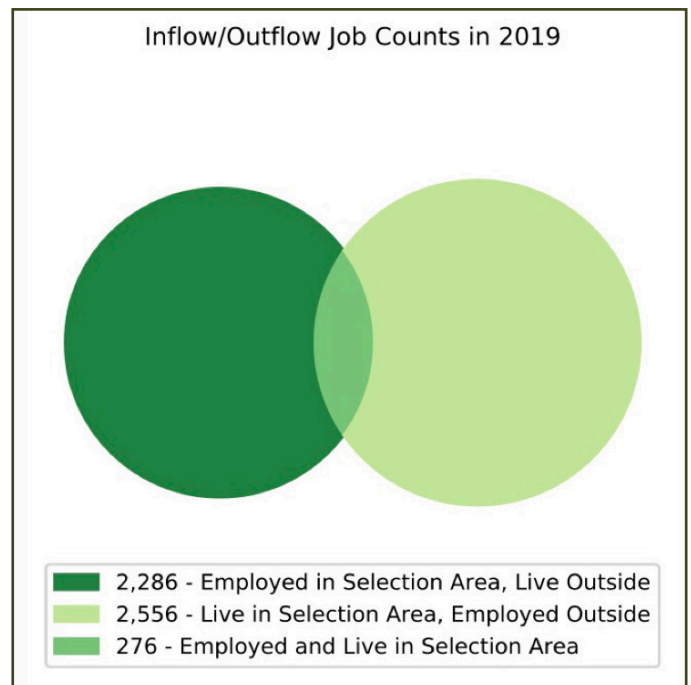
The Covid Pandemic had an incredible impact on the lives of every American and saw a seismic shift in how companies conducted their business. In a matter of weeks, millions of jobs across the United States, and thousands in the metro Seattle region, went “work from home” for most of their corporate and non-public facing (retail or service-based) positions. Most major employers in the region, including Amazon, Boeing, Microsoft, T-Mobile, Nordstrom, and Starbucks have continued to allow many of their corporate employees to at least work part-time from home on a hybrid basis, needing to go into their office location a few times a week. Of the major employers, the most notable exception is Costco, which is requiring its employees to return to the office full-time.

U.S. Census estimates on commute patterns lag significantly from real-time, with the most recent data coming from 2019. Furthermore, prior to 2020, the hybrid office-work from home job was not common and not reflected in commute patterns as commutes were typically five days a week. It is unclear how the Census will reflect this new job dynamic in future reports.

The existing pre-pandemic commute patterns though do reveal the huge inflow/outflow of workers (by percentage) demonstrating the 2,832 employed residents in the city, only 276 lived and worked inside the city, compared to the 2,556 who lived in the city and commuted elsewhere.

This new, and increasingly more common, hybrid approach for employees presents opportunity for North Bend. As a community that has more recently been viewed as a “bedroom” community, it now has the opportunity to be a premiere “work from home” destination.

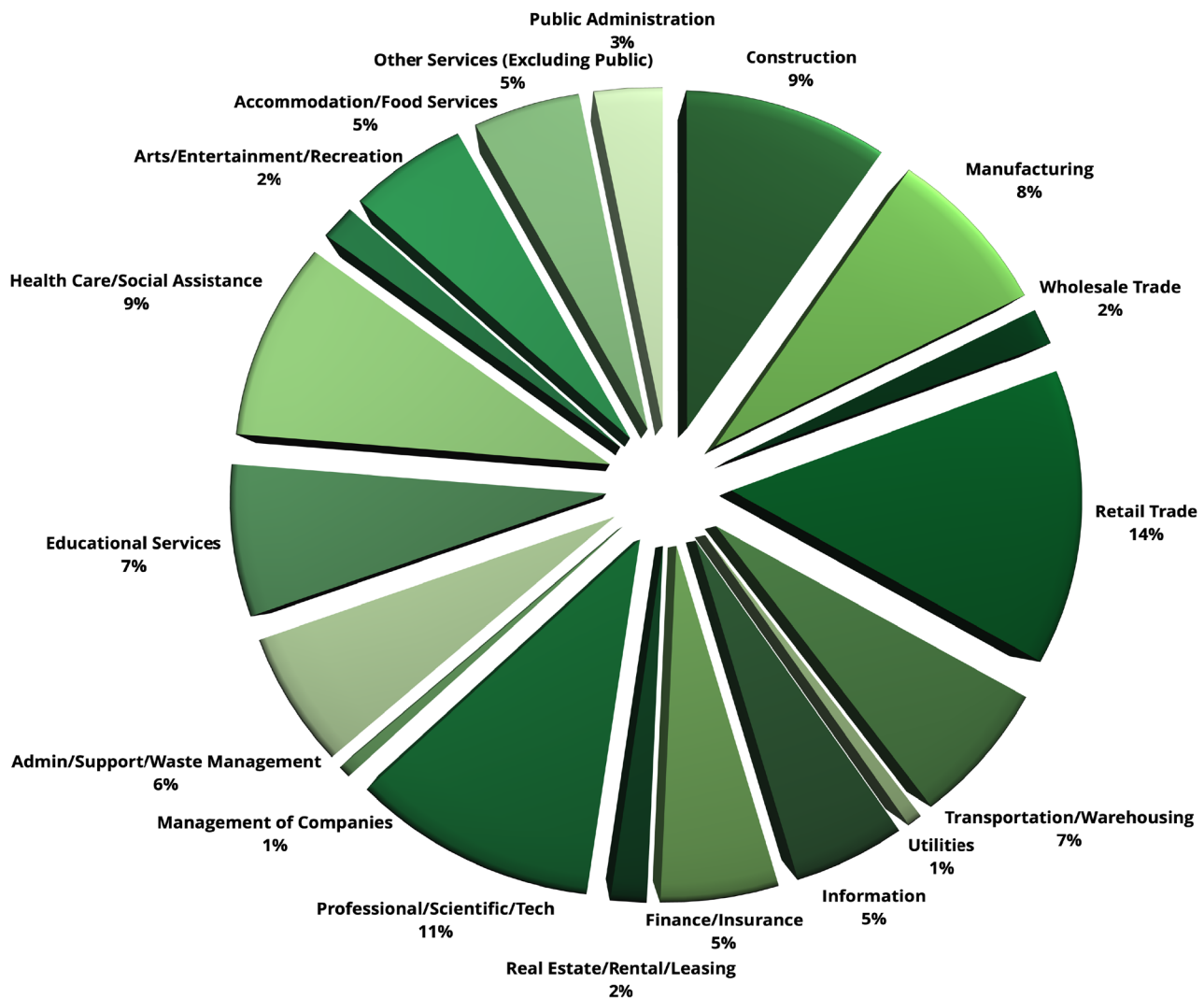
Furthermore, commute data shows of the 2,562 jobs located inside the city, 2,286 of those employees lived outside the city limits. This data suggests that housing has become unaffordable or unattainable for the majority of the people who work in North Bend on a daily basis.



Source: U.S. Census Bureau, 2019

Economic Profile

Key Data Points- Resident Employment Sectors



Source: ESRI 2022

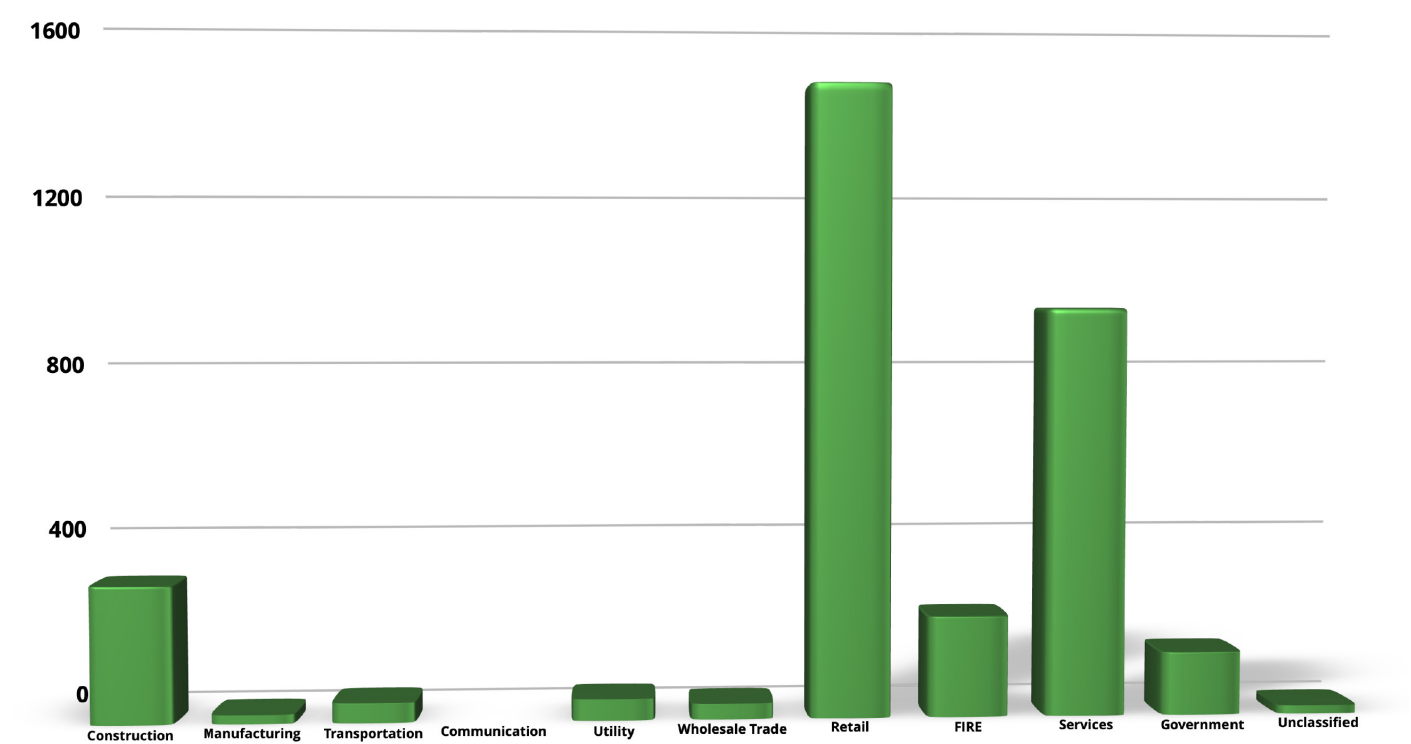
The pie chart (above) shows the breakdown of the various sectors of employment where city residents work. As pre-pandemic commute patterns showed earlier, approximately 90% of residents work outside the city limits. The sectors shown above demonstrate a very balanced employment base for residents. This means there is a significant amount of resilience for the community. Should one sector experience significant disruption, the impact among families, neighborhoods, and local businesses would not be as great as if employment were

concentrated in a particular sector, like mining or manufacturing for example, both have had major upheavals in the latter half of the last century.

As subsequent data will show, the base of jobs within the city are not as diversified and present a separate set of challenges.

Economic Profile

Key Data Points- Employment in North Bend



Source: ESRI 2022

As the chart (right) and graph (above) demonstrate, the diversity of jobs available in the city are not as balanced as those jobs held by residents. The city’s local economy has a heavy reliance on retail and service-based businesses and reflect that in employment data. These two sectors often have lower paying wages and, combined with increasing housing costs, likely contribute to why workers live outside the city and commute in.

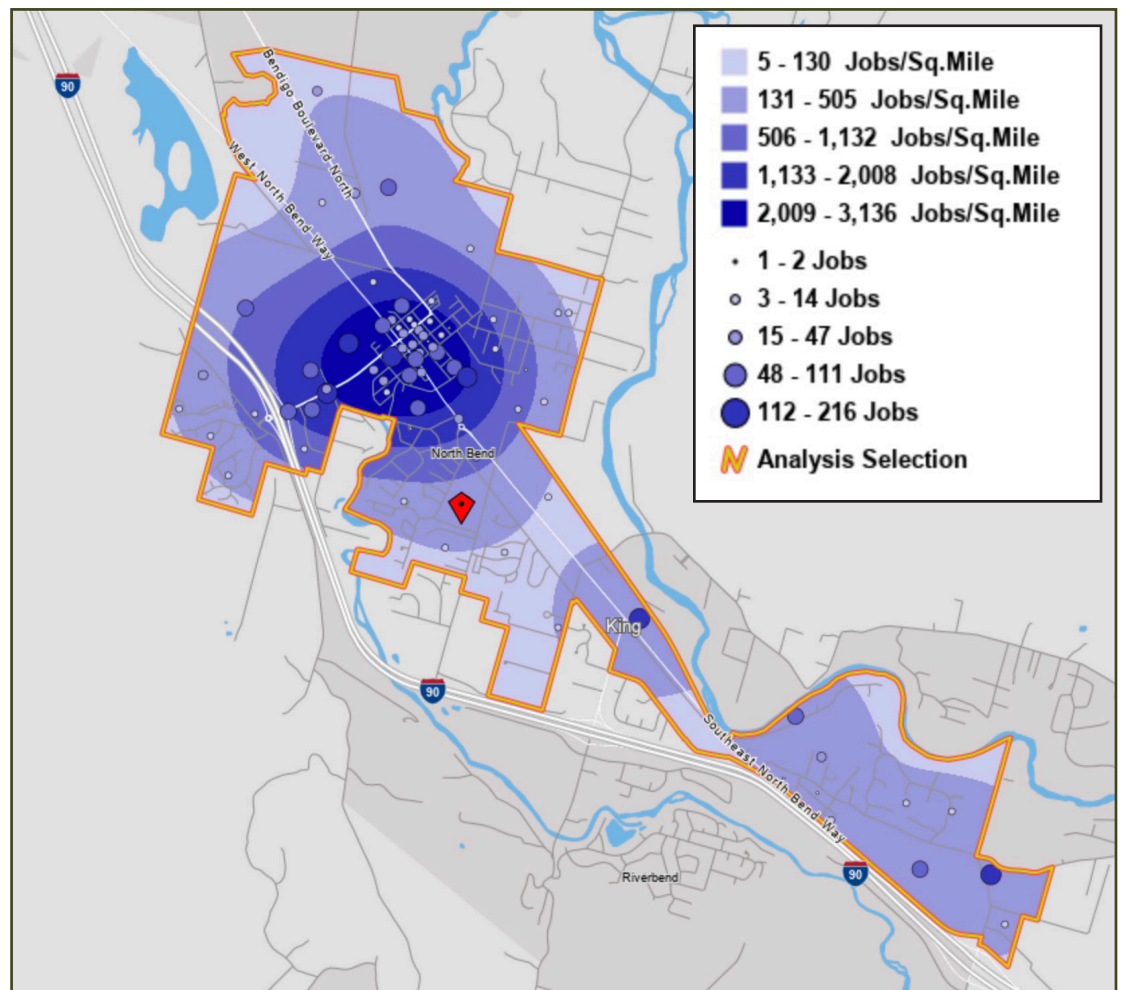
A diversity of employment opportunities as well as a diversity in housing opportunities would bring more balance to the community.

Business Type	Employees
Agriculture & Mining	22
Construction	313
Manufacturing	21
Transportation	45
Communication	0
Utility	49
Wholesale Trade	36
Retail Trade Summary	1,445
Finance, Insurance, Real Estate Summary	232
Services Summary	935
Government	145
Unclassified Establishments	19

Economic Profile

Key Data Points- North Bend Employment Density

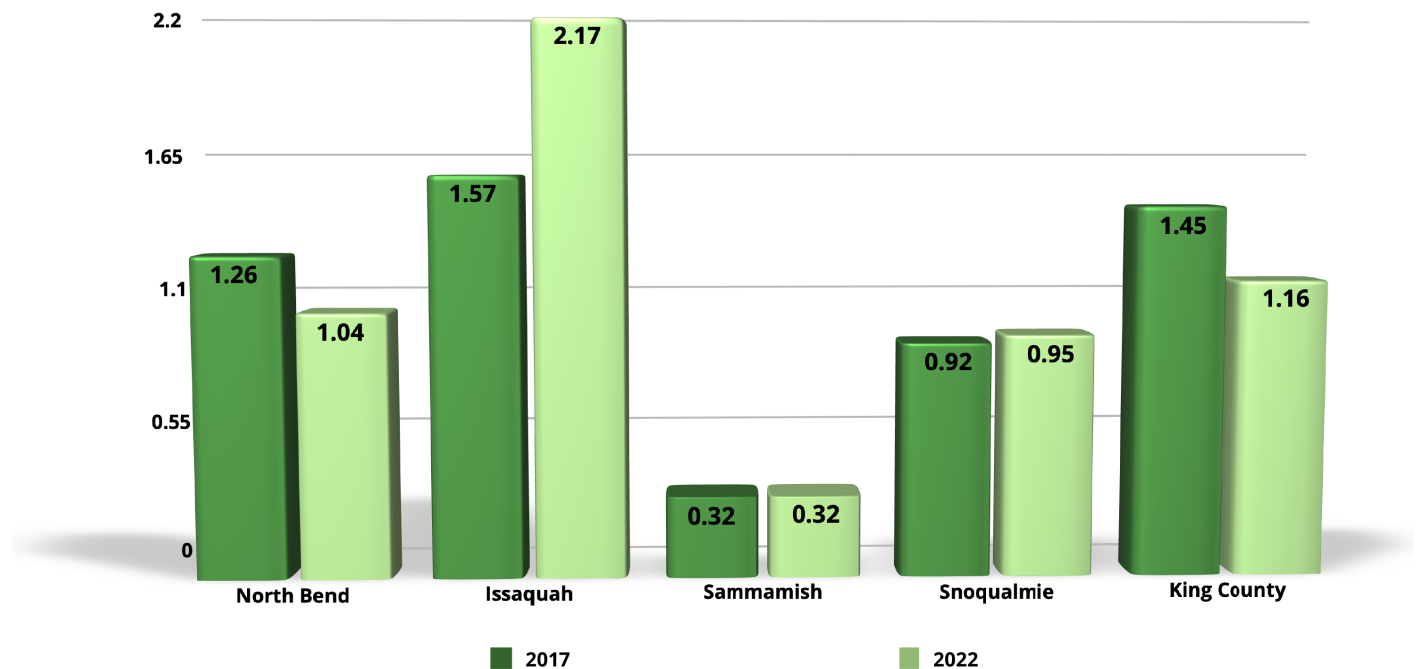
The graph (below) represents the density of jobs in North Bend. This graph, using shades of purple, shows the number of jobs per square mile within the city, with the deepest color of purple being the most dense. Downtown, likely due to its high physical density and high number of businesses, shows as the most dense place in the city for jobs. This density also follows Bendingo Boulevard to I-90. Some moderate density also occurs to the west into the city's more industrial areas and into Trucktown.



Source: U.S. Census Bureau, 2019

Economic Profile

Key Data Points- Jobs to Housing Ratio Change & Comparison



Source: Washington OFM, 2022, ESRI 2022

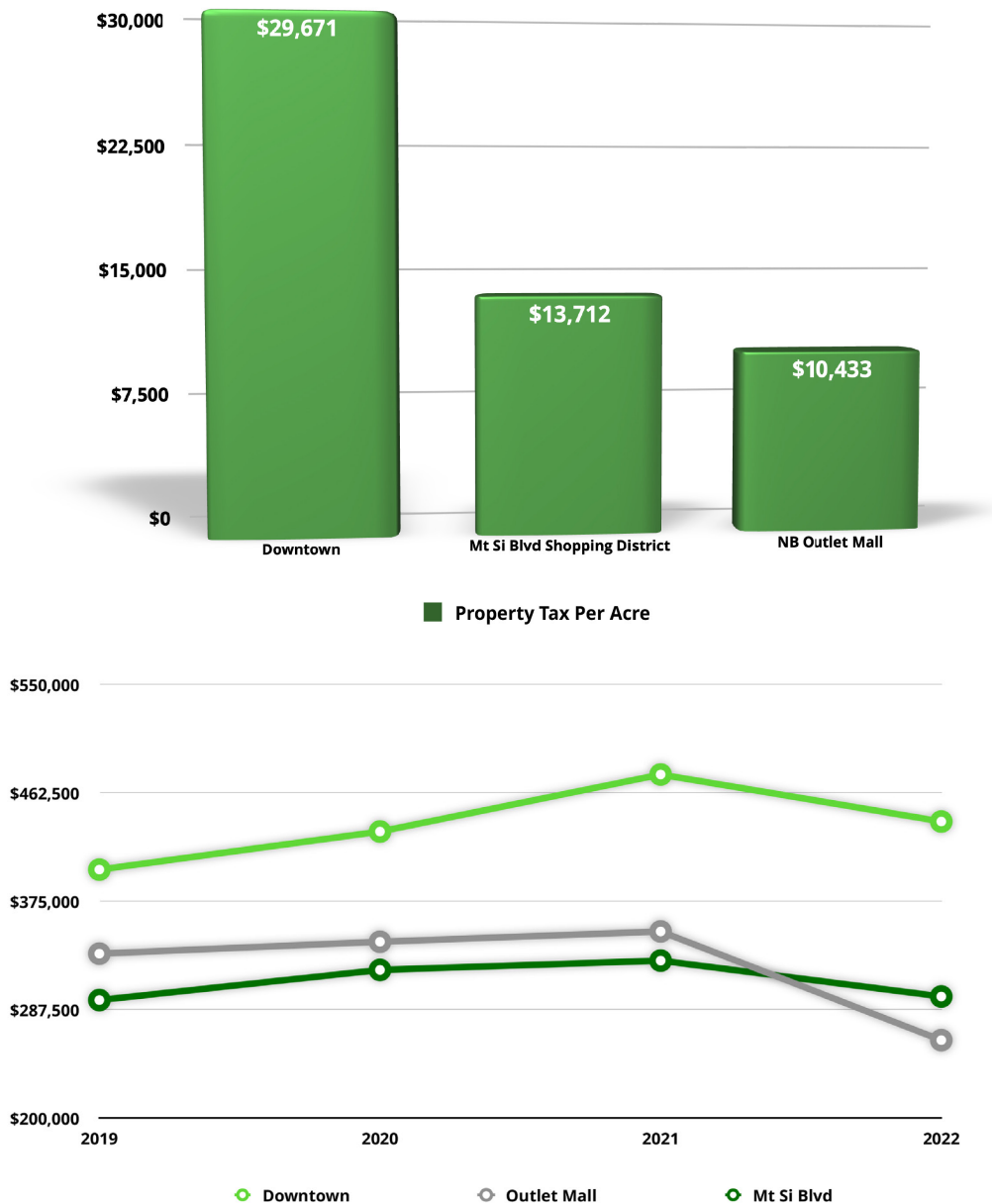
Jobs to Housing Ratio is a common measure to indicate whether or not a community has enough housing to meet the demand created by the number of jobs in the area. The chart (above) shows the overall Jobs to Housing Ratio for North Bend, Issaquah, Sammamish, Snoqualmie, and King County.

North Bend has made good progress over the last five years, lowering its ratio from 1.26 to 1.04. Other neighboring communities, with the notable exception of Issaquah, have also either relatively maintained or improved their ratio as well. Conversely, Issaquah's Jobs to Housing Ratio has risen significantly. Since none of the municipalities exist in a vacuum, this dramatic increase is also felt with housing pressure in neighboring communities, such as North Bend.

It is important to note when reviewing the Jobs to Housing Ratio, this measurement does not take into account wages of the jobs nor the affordability of the housing units in relation to those jobs. There is an assumption of appropriateness of the housing units compared to jobs, but as North Bend's pre-pandemic commute patterns have shown earlier in this report, 90% of the employed residents of the city don't work within the city and 89% of those who work in the city don't reside within its borders. The employed residents now working from home help alleviate some of this stark number, but it still shows the growing problem of a disconnect of those who work in North Bend cannot afford to live in North Bend.

Economic Profile

Key Data Points- Business District Tax Revenue Comparison



Source: City of North Bend, WA, 2021, 2022

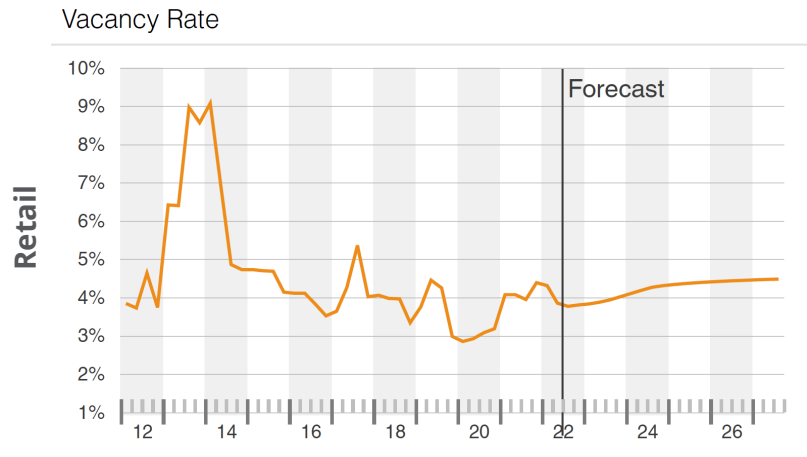
The graphs above shows a comparison of the three major commercial districts in the city. The top graph show a comparison of the three districts based on property tax revenue per acre in 2022, while the graph below shows the total property tax revenue from the three districts over the past four years. Both of these graphs demonstrate how much more productive the Downtown district is in terms of property tax revenue.

Economic Profile

Key Data Points- Vacancy Rates

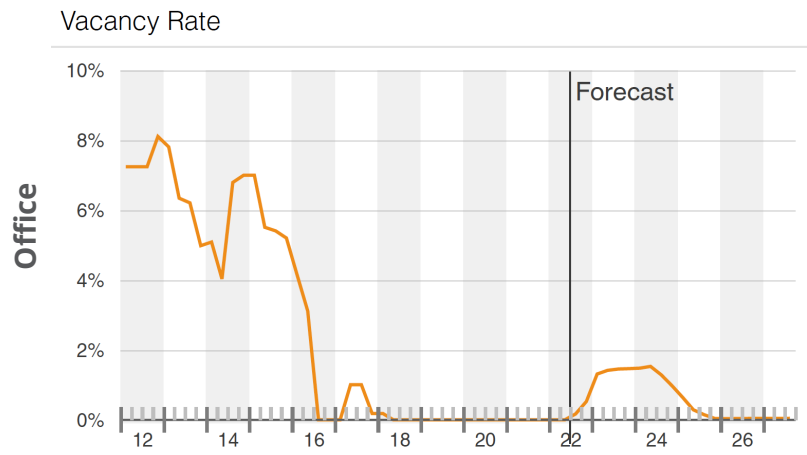
Retail

Retail vacancy rate fluctuated from 5% to 3% in the last 5 years, and as of November 2022, it stood at 3.9%. The US average for the same period was 4.3%. Despite some notable vacancies in the Outlet Mall and downtown, a 4% vacancy rate is considered almost fully occupied.



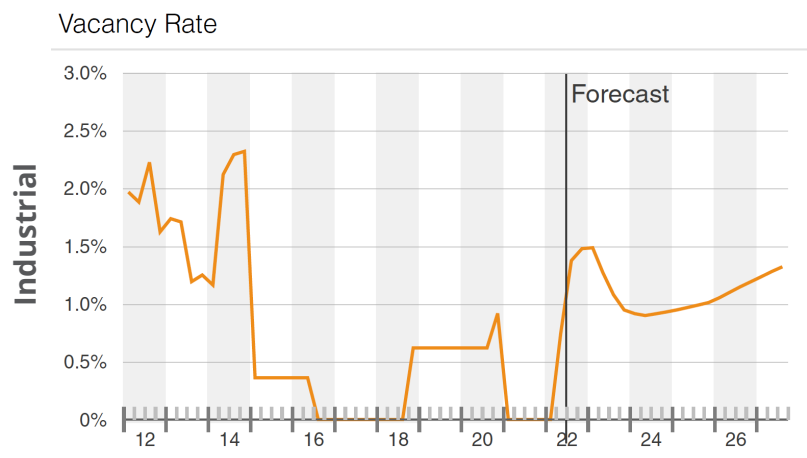
Office

North Bend's Office sector is robust, with a 0% vacancy rate since 2016, and all available space occupied as of November 2022. Although limited, there is a market to support more office real estate in the city, as the US average for Office vacancy during the same period was 12.4%.



Industrial

Arguably as strong of a market as Office, the city's Industrial space has a very strong ten year history. It's "high" point was 2.3% and is currently near 1%. There is opportunity for additional Industrial space, preferably for businesses that dovetail with the community's values.



Source: COSTAR, 2022

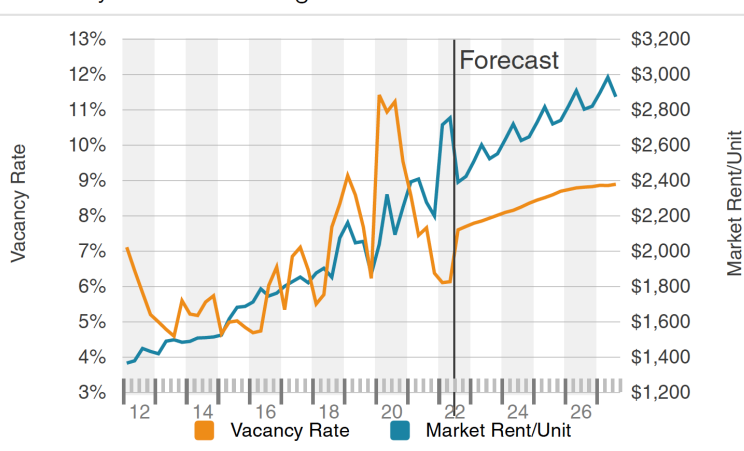
Economic Profile

Key Data Points- Vacancy Rates

Multi-Family

The city's Multi-Family sector has high demand but also the highest vacancy rate due to expensive housing production and unaffordability for potential residents. Rent prices have doubled in the last decade and are predicted to rise by 21% in the next five years, as shown in the graph (bottom right).

Vacancy & Market Asking Rent Per Unit



Economic Profile

Geofencing Data

As part of this report, GPS-enabled technology called geofencing (or mobility data) was utilized to understand where visitors originated before coming to in the city of North Bend. An eighteen-month capture period was used, from January 1, 2021 to June 30, 2022. During this time, all visitors who were within the city limits for at least 10 minutes, were captured in this data. This data allows the community to understand where, at a zip code level, people are coming from.

This data is widely available to national-level retailers and allows for the identification of geographic areas that make up the district's primary and secondary areas. Once these areas were identified, Place + Main Advisors, LLC used this map to pull additional market data, including the following visitor and retail leakage data from data sources including Claritas, the U.S. Census, ESRI, and augmented with their own analysis and extrapolation of data.

The analysis of this data shows that North Bend draws visitors from all over the country, but not surprisingly, most strongly from surrounding Puget Sound and metro Seattle area. There were a significant number of visits during the capture period (approximately 9.2 million) spread among roughly 2M visitors. This is most likely from visitors going to and coming from surrounding natural areas.

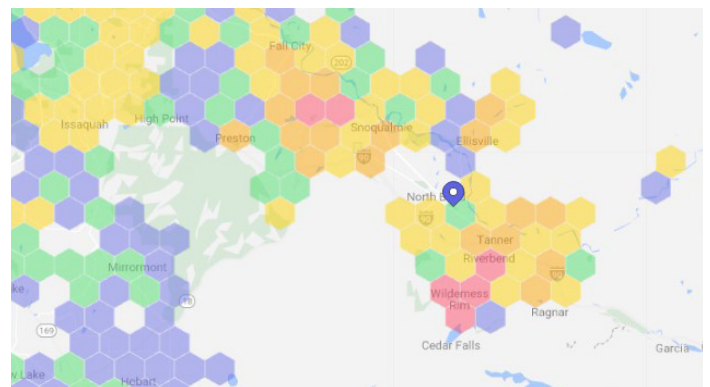
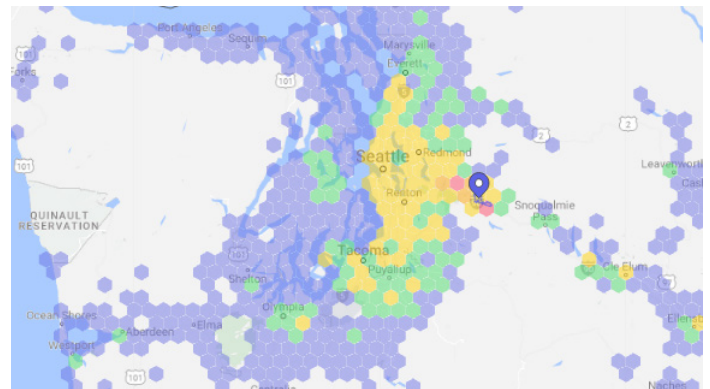
GEOFENCING HIGHLIGHTS

CAPTURE PERIOD:
January 1, 2021 to June 30, 2022

TOTAL VISITS:
Approximately 9,200,000

UNIQUE INDIVIDUALS VISITING:
Approximately 2,000,000

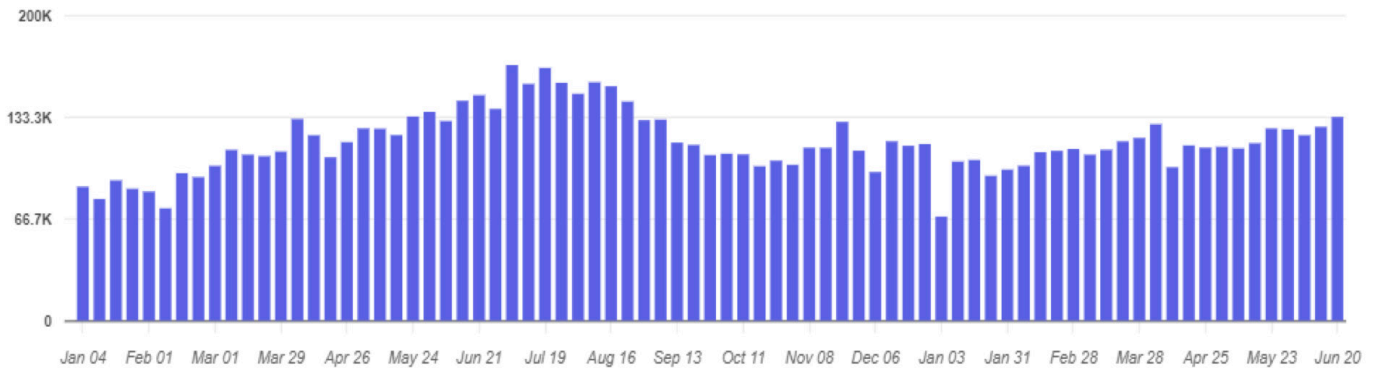
AVERAGE VISITS PER INDIVIDUAL:
4.92



Economic Profile

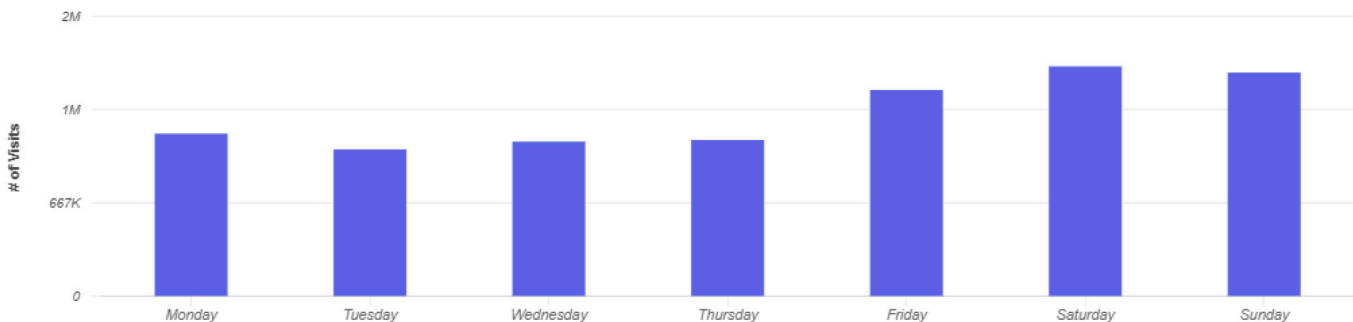
Geofencing Data- Visits

Weekly Visits



The chart (above) shows the weekly visits to North Bend. Not surprisingly, there is a pronounced increase in traffic during late spring into early fall, corresponding with warmer weather and higher use of the area's natural features. Notable is the smaller spike in December likely corresponding to holiday shopping.

Visits By Day of the Week

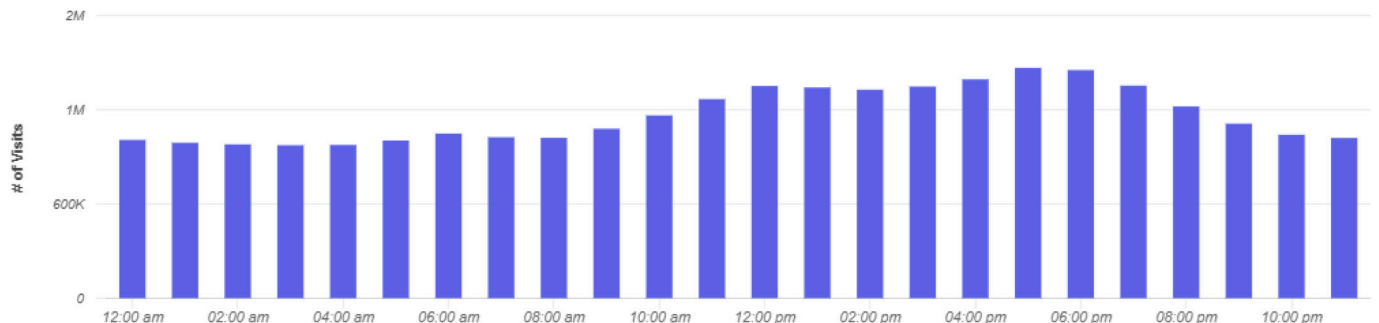


The chart (above) shows the overall visits by days of the week. There is a definite spike on Fridays, Saturdays, and Sundays as visitors come to the community on weekends. North Bend's geography in the region, being farthest east, and not "on the way" for most residents of the region during the work week, is likely the reason for it being more of a weekend destination. An interesting point is for Monday-Thursday, Monday is the highest trafficked day. Local restaurants in particular should take note of this, as many close on Mondays. According to this data, Tuesdays would be a more advantageous day to be closed as it has the least amount of visitors.

Economic Profile

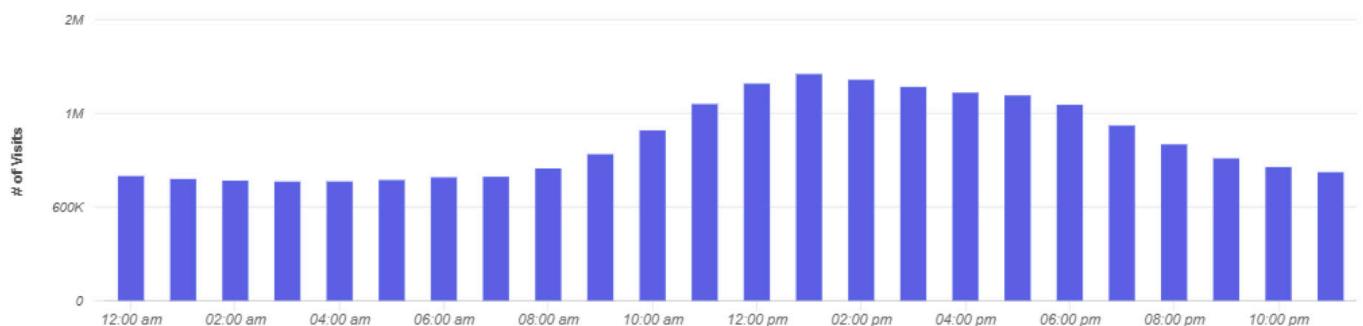
Geofencing Data- Visits

Visits By Time of Day (Mon-Thurs)



The chart (above) illustrates the times of the day visitors are coming to North Bend on Mondays through Thursdays. Peak times during these days are from noon until around 8pm.

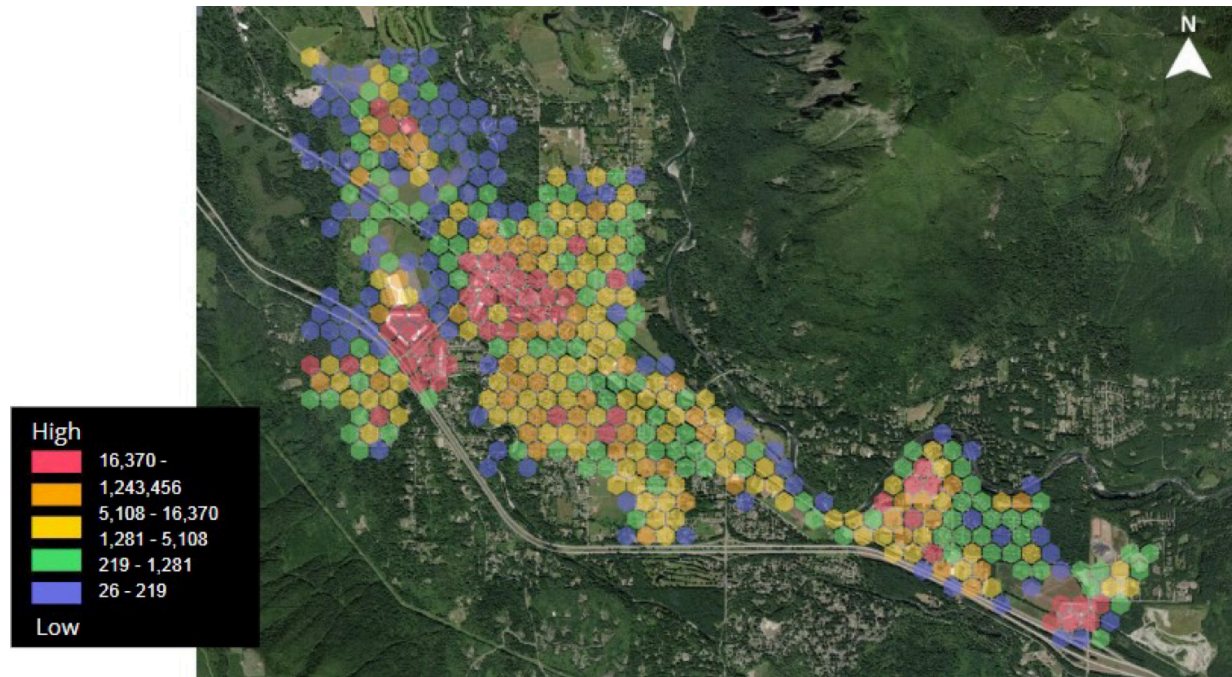
Visits By Time of Day (Fri-Sun)



The chart (above) for times of the day where visitors come to North Bend from Friday through Sunday, somewhat mirrors mid-week, but the 11am to 8pm timeframe is much more pronounced. This coincides with visitors coming to town to either enjoy the natural beauty of the area and/or shop and dine in the community.

Economic Profile

Geofencing Data- Where Visitors Go



The heat map (above) illustrates the areas of the city that were visited the most during the study period. The most visited areas of the city were downtown, the outlet mall and surrounding commercial spaces, Trucktown, Mt. Si Sports + Fitness/Sirius Sports Complex, and Cascade Canyon.

Economic Profile

Primary Trade Area & Retail Leakage

North Bend's Primary Trade Area

Using the aforementioned geofencing technology, a geographic area that captures the most frequent visitors to the community was identified. This area represents the most likely customers to businesses in the city, defining it as the city's "Primary Trade Area." Trade areas differ from municipal boundaries as they are defined by the consumers' shopping habits and not arbitrary lines drawn by government entities. The map (right) shows what is defined in this report as North Bend's Primary Trade Area. Data references relating to Retail Leakage are based on this area and not the city boundaries.



Retail Leakage

Retail leakage occurs when the demand for goods or services within a trade area does not meet the supply. Consumers then leave the trade area to fill those demands. When these goods and services are purchased elsewhere, money leaves the local economy. One of the goals of economic development is to retain as many of these purchases in the trade area as possible, thereby benefiting local businesses, strengthening the local economy and increasing the local tax base.

Retail leakage data comes from businesses and are classified into retail categories they self identify. As such, misclassification sometimes occurs. Readers should take this into account if data seems "off."

Totals	2023 Demand (\$)	2023 Supply (\$)	Leakage/ (Surplus) (\$)	2028 Demand (\$)	Projected Gap
Total retail trade including food and drink (NAICS 44, 45 and 722)*	\$930,800,896	\$570,360,477	\$360,440,419	\$1,177,487,332	\$607,126,855
Total retail trade (NAICS 44 and 45)*	\$815,045,609	\$455,941,855	\$359,103,754	\$1,233,476,331	\$777,534,476
Food services and drinking places (NAICS 722)	\$115,755,287	\$117,360,973	(\$1,605,686)	\$149,417,177	\$32,056,204

* NAICS 4541 (Electronic shopping and mail-order houses) has been removed from this data as the presence of a national distribution center in the community drastically skews overall supply and resulting leakage data.

Economic Profile

Retail Leakage

The Chart (below) lists the retail sectors that have a significant amount of retail leakage that could be good fits for North Bend. The chart outlines the anticipated demand, supply, and leakage for 2023, the projected demand for 2028 and the resulting leakage if supply remains the same, and finally the maximum supportable square footage based on this leakage. Important note: The existence of retail leakage does not guarantee success of a specific business. It only indicates where opportunity exists.

	2023 Demand (\$)	2023 Supply (\$)	2023 Leakage/ Surplus (\$)	2028 Demand (\$)	Projected Leakage	Max. Supportable Sq Ft
Furniture stores (NAICS 4421)	\$11,023,199	\$9,073,253	\$1,949,946	\$14,890,480	\$5,817,227	17,899
Home furnishings stores (NAICS 4422)	\$8,739,096	\$8,021,066	\$718,030	\$11,224,620	\$3,203,554	15,183
Hardware stores (NAICS 44413)	\$5,294,214	\$2,810,918	\$2,483,297	\$6,106,589	\$3,295,671	23,882
Nursery, garden center, and farm supply stores (NAICS 44422)	\$7,137,445	\$5,301,289	\$1,836,156	\$8,603,078	\$3,301,789	6,604
Supermarkets and other grocery (except convenience) stores (NAICS 44511)	\$121,104,628	\$78,873,266	\$42,231,361	\$153,048,498	\$74,175,232	148,350
Meat markets (NAICS 44521)	\$1,112,970	\$375,952	\$737,017	\$1,421,072	\$1,045,120	2,090
Beer, wine, and liquor stores (NAICS 4453)	\$10,694,331	\$3,234,972	\$7,459,359	\$13,685,686	\$10,450,714	9,501
Pharmacies and drug stores (NAICS 44611)	\$49,643,660	\$29,951,600	\$19,692,060	\$60,294,603	\$30,343,003	48,862
Other health and personal care stores (NAICS 44619)	\$3,137,851	\$1,934,818	\$1,203,033	\$3,816,587	\$1,881,769	5,376
Women's clothing stores (NAICS 44812)	\$6,281,569	\$3,778,303	\$2,503,267	\$7,204,082	\$3,425,779	11,419
Shoe stores (NAICS 4482)	\$5,350,879	\$4,992,553	\$358,326	\$7,175,113	\$2,182,560	7,275
Jewelry stores (NAICS 44831)	\$6,092,869	\$4,173,996	\$1,918,873	\$7,211,272	\$3,037,276	3,894
Sporting goods stores (NAICS 45111)	\$8,904,072	\$7,107,182	\$1,796,890	\$11,828,120	\$4,720,938	24,717
Hobby, toy, and game stores (NAICS 45112)	\$3,589,094	\$2,515,198	\$1,073,896	\$4,423,327	\$1,908,129	5,452
Pet and pet supplies stores (NAICS 45391)	\$4,082,703	\$3,900,444	\$182,259	\$5,182,869	\$1,282,425	4,137
Art dealers (NAICS 45392)	\$1,819,598	\$0	\$1,819,598	\$2,100,884	\$2,100,884	3,501
Full-service restaurants (NAICS 722511)	\$50,964,888	\$59,459,639	(\$8,494,752)	\$65,784,116	\$6,324,477	10,368
Limited-service restaurants (NAICS 722513)	\$44,453,626	\$20,310,352	\$24,143,275	\$57,581,132	\$37,270,780	186,354

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