
CITY OF Lynwood

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“Helping Communities and Organizations Create Their Best Futures”

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Lynnwood’s Economy in 2004: Executive Summary

This report presents an analysis of Lynnwood’s demographic trends, the local economy and its relationship to the regional economy. The purpose of the analysis is to provide the City and its stakeholders with a common understanding of economic trends and opportunities, to inform the City’s forthcoming Economic Development Action Plan.

The City’s needs for this analysis and the Action Plan are the culmination of decades of growth and recent changes in the central Puget Sound regional economy. Forty-five years after incorporation, Lynnwood has grown through annexations, migration and natural increases to become 34,500 people living in nearly 5,000 acres (7.8 square miles). Edmonds and Mountlake Terrace lie adjacent to the west and south; to the north and east lies Lynnwood’s large urban growth area (UGA). The City’s UGA includes 3,950 acres and approximately 20,300 people in 2000.

Lynnwood’s total employment generally reflects regional trends, with 1.6 jobs in Lynnwood for every housing unit in 2003 – the same jobs-to-housing ratio as exists regionwide. Jobs are heavily concentrated in retail, a major theme for economic development in Lynnwood, and Lynnwood has more jobs in Finance, Insurance and Real Estate than any other community in Southwest Snohomish County and other comparable communities.

This report is organized to tell a story about how Lynnwood became the City it is today, the current profile of City residents, businesses and workers, likely scenarios for the future of Lynnwood and options for the future as the City invests in strategic choices. Understanding trends in population, demographics, employment and economic indicators will provide the City’s decision-makers with the perspective necessary to develop effective strategies for economic growth.

Population and Housing
Demographic Trends

The City of Lynnwood includes some of the most densely populated areas within the region (Exhibit E-1), reflecting decades of growth. Local population growth has generally matched regional growth since about 1975. During the seven years since 1997, however, local population growth has been relatively slow. City population growth outpaced the region until 1990.

Many communities perceive an increasingly older local population, and in some cases, such as Edmonds, older residents do compose a greater share of local population. This does not appear to be the case in Lynnwood. The City’s children and teens compose a portion of local population similar to that of the Puget Sound region; 27% of the local population is 19 years old or younger in the City as well as in King, Kitsap, Pierce and Snohomish Counties (combined).
Median household income in Lynnwood ranks lower than many comparable cities and Snohomish and King Counties. The 2000 U.S. Census estimated 1999 median household income to be $42,814 for Lynnwood residents, nearly 20% lower than the median for King and Snohomish Counties each ($53,157 and $53,060, respectively).

Asian people make up the largest share of non-white population in Lynnwood, totaling 14% in 2000. Asians are the largest non-white share of population in most cities in the Puget Sound region, but only Bellevue has a greater share of local population represented by Asian people than Lynnwood. In Lynnwood this represents a substantial increase in Asian representation in the City from 1990.

Foreign-born residents make up a relatively larger share of Lynnwood’s population (21%) than most comparable cities. Neighboring cities have half the relative concentration of foreign-born residents (11% of all residents in Edmonds and Bothell each). Foreign-born residents in the similarly sized cities make up between 14% and 17% of those cities’ populations.

In Lynnwood, most of the City’s foreign-born residents come from Asia, specifically Korea, Vietnam, the Philippines, Ukraine and China. Second to Asians, Lynnwood is home to a particularly large concentration of people born in Eastern Europe. In 2000, Lynnwood had 1,234 residents born in Eastern Europe. Only Seattle, Bellevue and Kent have more residents from Eastern Europe.

Population forecasts show strong demand to live in southwest Snohomish County, and Lynnwood will continue to be in the middle of strong regional population growth for many years. The Puget Sound Regional Council forecasts Lynnwood to grow between 0.4% and 1.9% per year through 2020. The Central Puget Sound region as a whole grew by an average of 1.0% per year in the 1980s and 0.9% during the 1990s.

**Housing**

Lynnwood had 14,200 housing units in the City in 2003. This included 7,110 single-family detached houses, 6,471 multifamily units, and 578 mobile homes and other housing units. (“Other housing” units – 600 in Lynnwood in 2003 – include mobile homes, trailers and other types of legal housing units). Multifamily units make up 46% of the housing units in Lynnwood (Exhibit E-2).
More than half (53%) of Lynnwood’s households own their home (including all single-family, multifamily and other housing units), a relatively low level of home ownership among comparable communities (Exhibit E-3). Edmonds, Bothell and Shoreline each have 68% of their housing units occupied by owners, which is also the percentage of Snohomish County housing that is owner-occupied. In Everett, only 46% of housing is owner-occupied.

In 2003, the average price for a single-family detached home in Lynnwood was $248,000, greater than the average for Snohomish County ($237,000) and less than the King County average ($312,000). Homes in neighboring communities Edmonds and Bothell generally cost more, averaging $302,000 in Edmonds and $268,000 in Bothell. Homes in Mountlake Terrace (Lynnwood’s other neighbor, not shown in the figure) sold for much less in 2003, averaging $196,000. All of these areas had comparably active markets in 2003.

Demographics Analysis Summary

Overall, the City’s population base is growing and southwest Snohomish County will continue to grow more rapidly than the region. The City’s residents, however, are not as economically diverse as in other cities, and attracting the City’s share of population growth could be a challenge. Lynnwood has fewer high-income residents and more low-income residents. The City’s housing stock reflects and supports this trend with higher shares of rental and multifamily housing.
Economic Trends

The City’s local economy has long been a regional retail center with growing concentrations of financial companies and jobs. Retail growth remains strong in Lynnwood, while region-wide office vacancies for the past few years challenge new office development.

Commute Patterns and Jobs-to-Housing Ratios

Lynnwood’s residents work throughout the Puget Sound region, concentrated most heavily in Lynnwood and Downtown Seattle, followed by the University of Washington and Bellevue. Bothell and Mountlake Terrace have many Lynnwood workers as well.

The ratio of local jobs to housing units provides an indicator of the degree to which a city can be thought of as a bedroom community. Regionwide, across the central Puget Sound region (King, Kitsap, Pierce and Snohomish Counties) there are 1.6 jobs for every housing unit. In Lynnwood, the jobs-to-housing ratio is 1.6 as well.

As in any suburban economy, the daytime population of people working in Lynnwood draws workers that live in communities from throughout the region. People who work in Lynnwood live in areas most heavily concentrated in south Snohomish County and north King County. Most of the City’s workers come from areas within a roughly five to six mile radius, skewed to the north beyond Everett.

Jobs in Lynnwood

Lynnwood has a relatively greater concentration of jobs in the Finance, Insurance and Real Estate (FIRE) sector (Exhibit E-4). In Lynnwood, 9% of local jobs are in this sector, compared to just 5% and 7% in Snohomish County and King County, respectively. Only Bellevue has a greater share of jobs concentrated in this sector (11%).
The City appears to be the southwest Snohomish County financial center, with nearly 200 small to medium-sized financial companies (up to 100 jobs) located in Lynnwood. Lynnwood has more than 1,900 jobs in this sector, accounting for 18% of the County’s total of 10,800 FIRE jobs. Lynnwood has more jobs in this sector than any city located between Seattle and Everett.

Regionwide several thousands of jobs are forecasted by PSRC to located in and around Lynnwood during the next several years. Northeast Lynnwood in particular is forecasted to receive the most jobs and growth – the most rapid growth of any area in southwest Snohomish County.

Retail Sales Analysis
Retail activity is very important to the City for many reasons, including fostering economic vitality, providing jobs and serving as a source for municipal funding. Sales rebounded considerably in 2003 to a total of $1.3 billion in taxable retail sales citywide, following slight declines in 2001 and 2002. The period of 1995 to 2000 included the most rapid growth of retail sales, with real growth (adjusted for inflation) averaging 3.2% for those five years (Exhibit E-5).

Lynnwood retailers draw shoppers from all over the Pacific Northwest and beyond. People visiting or just passing through the region, to and from Vancouver and Portland, for example, might shop while in the area. The primary shopping area—the area from where the bulk of shoppers come to Lynnwood—is much closer to the City.

Exhibit E-5
Lynnwood Taxable Retail Sales, 1990 - 2003 (2003 Dollars)

The City’s market area extends to roughly a 7-mile radius beyond City Limits, in which 479,000 people lived in 2000. City sales are the equivalent of 30% of all spending by people in this market area. Population forecasts show that the market area could grow by more than 125,000 people by 2020. Correspondingly, annual retail spending would increase substantially in this area. For Lynnwood to maintain its capture of regional spending, retail space in Lynnwood would increase by 750,000 to 1,000,000 s.f. Lynnwood currently has approximately 2.5 million square feet of retail space.

Increased competition will continue to challenge Lynnwood’s position as a regional leader in retail. Woodinville, Northgate, Everett and other retail centers continue to grow and attempt to gain market share by attracting more shoppers from throughout the region.
Commercial real estate market

The City’s retail market remains strong with lower than average vacancies in retail space and new development occurring in and around Alderwood Mall. Office markets regionwide have had very high vacancies for the past several years, resulting in a large amount of vacant space in Lynnwood (31%) and competing markets.

Economic Analysis Summary

Overall, Lynnwood has what some describe as two cities: a day-time population and an evening/weekend population. During workdays, much of Lynnwood’s diverse population leaves the City to work in Seattle, Bellevue and other areas throughout the region. At the same time, people living throughout western Snohomish County and northwestern King County come to work in Lynnwood.

The City’s jobs are heavily concentrated in retail and in financial companies. The City’s retail base is strong and grew again in 2003 after two years of decline. Population growth in the City’s broad trade area will drive demand for much more retail space (750,000 s.f. to 1,000,000 s.f.) in and around Lynnwood. The soft office market in the region, and especially in Lynnwood, present challenges for new office development, though the vacancies Lynnwood may attract large and growing firms looking for a lot of space consolidate in one or few buildings.

STRATEGIC OPPORTUNITIES

The analyses in this report suggest several strategic themes to explore as part of the strategy development process, organized into opportunities and challenges, as follows:

- Capturing the benefits of forecasted growth.
- Celebrating Lynnwood’s diverse population.
- Maintaining the City’s retail prominence.
- Diversifying the local economy.
- Fostering entrepreneurship and small business development.

Neighborhood enhancements

The relatively smaller share of owner-occupied housing (Exhibit E-4) and single-family housing demonstrates a need to invest in neighborhoods to make them more desirable to middle-income and higher-income households. Strategies in this arena will require further assessment of the needs of the residential areas, specifically focused on the following:

- Image, identity, sense of community.
- Competing within a very soft office market.
- Capturing jobs locally for the City’s labor force.
- Focusing on quality of life and amenities.
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INTRODUCTION: OVERVIEW OF NEED AND CURRENT SITUATION

This report presents an analysis of Lynnwood’s demographic trends, the local economy and its relationship to the regional economy. The purpose of the analysis is to provide the City and its stakeholders with a common understanding of economic trends and opportunities, to inform the City’s forthcoming Economic Development Action Plan.

The City’s needs for this analysis and the Action Plan are the culmination of decades of growth and recent changes in the central Puget Sound regional economy. In 1960 the City of Lynnwood had 7,207 residents, covered 1,846 acres (2.9 square miles) and had been incorporated for less than a year. Forty-four years later, the City has grown through annexations, migration and natural increases to become 34,500 people living within 4,991 acres (7.8 square miles).

Lynnwood’s total employment also generally reflects regional trends, with 1.6 jobs in Lynnwood for every housing unit in 2003 – the same jobs-to-housing ratio as exists regionwide. This report explores details on employment in Lynnwood, explaining recent trends and the concentrations of jobs within Lynnwood.

Understanding trends in population, demographics, employment and economic indicators will provide the City’s decision-makers with the perspective necessary to develop effective strategies for economic growth.

The report is organized to tell a story about how Lynnwood became the City it is today, the current profile of City residents, businesses and workers, likely scenarios for the future of Lynnwood and options for the future as the City invests in strategic choices.

Comparable Communities. A number of communities in the central Puget Sound region have attributes similar to Lynnwood. Comparisons to those cities provides an organizing framework to better understand key economic indicators for Lynnwood. The following cities, grouped by relevance to Lynnwood, are used throughout this report for comparisons:

• **Neighbors: Edmonds and Bothell.** Both in Snohomish County, Edmonds and Bothell are fully established cities with local economies that relate to the regional economy but operate somewhat independently as well.
• **Relevant population size: Burien, Kirkland and Shoreline.** Burien (population: 31,480), in King County, is a city with size similar to Lynnwood; Kirkland (population: 45,630) and Shoreline (population: 52,730) represent city sizes within the expected growth horizons of Lynnwood.

• **Larger reference economies: Bellevue, Everett and Federal Way.** Bellevue (population: 116,400), Everett (population: 95,470) and Federal Way (population: 83,500) have more residents than are expected in Lynnwood in the foreseeable future. These larger cities provide important context about how some attributes might change with significant increases in population.

• **King and Snohomish Counties and a sub-regional cross-section.** In addition to the comparable cities listed above, many of the tables and charts in this report include Countywide information for King and Snohomish Counties.

• **North King and South Snohomish Sub-Region.** Lynnwood is in the center of the North King and South Snohomish sub-region, shown in Exhibit 1. Most of this area is incorporated, as shown in the map, and includes Shoreline, Lake Forest Park, Kenmore and Bothell in King County, along with Lynnwood, Edmonds, Woodway, Mountlake Terrace, Brier, Bothell, Mill Creek, Mukilteo and unincorporated areas in Snohomish County. Throughout this report, the demographics of this area are included to highlight how this area as it own differs from Snohomish and King Counties.
Exhibit 1
Sub-Region of Interest for Comparison to Lynnwood Demographics

Source: Berk & Associates
The original City limits included an area that is now generally the southwest quadrant of the City. In its earliest years, the City grew more rapidly than the region as a whole. Annexations brought in areas to the north and east of the original area, as shown in Exhibit 2. Annexations from 1993 through 1997 brought the most recent significant land and population growth, adding 1,750 acres and 1,100 people through annexation during that period.

In 2003, City population is 34,500 living in nearly 5,000 acres. Edmonds and Mountlake Terrace, lying adjacent to the west and south, dictate continuation of the trend to grow geographically to the north and east, wherein lies Lynnwood’s large urban growth area (UGA). The City’s UGA includes 3,950 acres and approximately 20,300 people in 2000.
Exhibit 2
City of Lynnwood Annexation History and Population Size, 1960 - 2003

Local population growth has generally matched regional growth since about 1975 (Exhibit 3). During the seven years since 1997, local population growth has been relatively slow.

Annexation in the 1970s resulted in very rapid growth rates, as shown in Exhibit 4. City population growth outpaced the region until 1990.
Population Density in North King and South King Counties

Portions of the City are among the most densely populated areas of the region, as shown in Exhibit 5. The geographic center of the City includes many multifamily units located densely near S.R. 99. The periphery of the City includes more sparsely developed single-family areas.

Understanding the City’s demographics and how they compare to regional trends provides context important to strategy development. This section describes Lynnwood residents’ ages, ethnicity, incomes, housing and other indicators relevant to knowing who defines the City of Lynnwood.

Source: U.S. Census 2000
Age Distribution of Residents
The age distribution of the City’s residents is very similar to the nation as a whole. The City’s children and teens compose a portion of local population similar to that of the Puget Sound region; 27% of the local population is 19 years old or younger in the City as well as in King, Kitsap, Pierce and Snohomish Counties (combined).

Older populations, 55 years and older, compose 20% of Lynnwood’s residents. The same is true for Washington State and the U.S. as a whole. In King and Snohomish Counties, as shown in Exhibit 6, slightly smaller shares of population are aged 55 years or older.

Many communities perceive an increasingly older local population, and in some cases, such as Edmonds, older residents do compose a greater share of local population. This does not appear to be the case in Lynnwood.

Exhibit 6
Age Composition of Lynnwood and Surrounding Communities, 2000

Source: U.S. Census (2000)
Household Income

Median household income in Lynnwood ranks lower than many of the comparable cities and for both Snohomish and King Counties. The 2000 U.S. Census estimated 1999 median household income to be $42,814 for Lynnwood residents, nearly 20% lower than the median for King and Snohomish Counties each ($53,157 and $53,060, respectively), as shown in Exhibit 7.

Household incomes vary widely among comparable cities. Among those of similar populations, such as Lynnwood, Burien, Shoreline and Kirkland household incomes were $41,577, $51,658 and $60,322, respectively. Neighboring communities of Edmonds and Bothell were higher, with median incomes at $53,522 and $59,264, respectively.

Exhibit 7
Median Household Income in Lynnwood and Surrounding Communities, 1999

Source: U.S. Census (2000)
Household incomes vary within Lynnwood as well, as shown in Exhibit 8. Households located to the northwest in the City have generally higher incomes than areas in the City to the south and to the east. Lower income areas are clustered closer to the highways that run through the City.

Beyond Lynnwood, waterfront and view areas to the west correspond to higher median incomes nearby, up and down the shores of Puget Sound. Communities to the South (Mountlake Terrace and Brier) and unincorporated areas to the east all have median incomes near or slightly above the two-County median. Lynnwood has areas of comparable incomes, and Lynnwood has areas of lower incomes as well.
Asian people make up the largest share of non-white population in Lynnwood, totaling 14% in 2000, as shown in Exhibit 9. Asians are the largest non-white share of population in all comparable communities, but only Bellevue has a greater share of local population represented by Asian people than Lynnwood.

In Lynnwood this represents a substantial increase in Asian representation in the City from 1990. In 1990, Asian people made up just 7% of local population. Similar trends occurred throughout King and Snohomish Counties. In 1990, Snohomish County’s Asian and Pacific Islander populations combined represented 4% of total population; in 2000, 6% of the County’s population was Asian. Similarly in King County in 1990, 8% of the County’s population was Asian; in 2000, Asians represented 11% of County population.

**Exhibit 9**

Race Distribution in Lynnwood and Surrounding Communities

Source: U.S. Census (2000). Note: Remaining populations are Caucasian.
Foreign-Born Population
Foreign-born residents make up a relatively larger share of Lynnwood’s population (21%) than most comparable cities, as shown in Exhibit 10. Neighboring cities have half the relative concentration of foreign-born residents (11% of all residents in Edmonds and Bothell each). Foreign-born residents in the similarly sized cities make up between 14% and 17% of those cities’ populations.

Exhibit 10 shows the distribution regionally of foreign-born residents. The Exhibit shows that many communities have concentrations of foreign-born residents within their cities.

Exhibit 10
Percent Foreign Born Population in Lynnwood and Surrounding Communities

Source: U.S. Census (2000)
Lynnwood is home to a particularly large concentration of people born in Asia and Eastern Europe. In 2000, Lynnwood had 3,283 from Asia and 1,234 residents born in Eastern Europe, as shown in Exhibit 12. Only Seattle, Bellevue and Kent have more residents from Eastern Europe. In Lynnwood, most of the City’s foreign-born residents come from Asia, specifically Korea, Vietnam, the Philippines, Ukraine and China.

### Exhibit 12
**Origins of Lynnwood’s Foreign Born Population**

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<td>Asia</td>
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<td>854</td>
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<tr>
<td>Eastern Europe</td>
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<td>Other E Europe</td>
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Source: U.S. Census, 2000
Population Forecasts

The Puget Sound Regional Council forecasts Lynnwood to grow between 0.4% and 1.9% per year through 2020. The Central Puget Sound region as a whole grew by an average of 1.0% per year in the 1980s and 0.9% during the 1990s. Areas to the east and north are forecast to grow more rapidly, as shown in Exhibit 13.

Overall, the forecasts show strong demand to live in southwest Snohomish County. Lynnwood will continue to be in the middle of strong regional population growth for many years.
Housing

Single-family and multifamily proportions

Lynnwood had 14,200 housing units in the City in 2003. This included 7,110 single-family detached houses, 6,471 multifamily, and 578 mobile homes and other housing units. (“Other housing” units – 600 in Lynnwood in 2003 – include mobile homes, trailers and other types of legal housing units). Multifamily units make up 46% of the housing units in Lynnwood.

As shown in Exhibit 14, multifamily housing represents a relatively higher share of housing in Lynnwood than many comparable cities, but Lynnwood is definitely not alone at this threshold. Everett’s 41,200 total housing units include 20,180 multifamily and other units (49% of total units) and Kirkland has 22,600 units, exactly 50% of which (11,260) are multifamily units.

Exhibit 14
Multifamily Share of Housing, 2003

Housing Tenure
More than half (53%) of Lynnwood’s households own their home (including all single-family, multifamily and other housing units), a relatively low level of home ownership among comparable communities, as shown in Exhibit 15. Edmonds, Bothell and Shoreline each have 68% of their housing units occupied by owners, which is also the percentage of Snohomish County housing that is owner-occupied. In Everett, only 46% of housing is owner-occupied.

Finding the right balance of housing tenure is important for community development. Rental housing is important for providing affordable housing options and owner-occupied housing fosters greater incentives for residents to invest time and energies in making the City thrive. Lynnwood’s relatively low share of home ownership may suggest somewhat less permanent local commitment that desired.

Exhibit 15
Percentage of All Housing Units Occupied by Owner, 2000

Source: U.S. Census (2000)
For Lynnwood, tenure by housing structure type further illuminates local housing. As mentioned above, Lynnwood has a somewhat higher share of multifamily housing units in the City than other comparable communities. Among multifamily units in Lynnwood only 17% are owner-occupied (Exhibit 16). Edmonds (31%), Kirkland (32%) and Bellevue (26%) each have a much larger share of owner-occupied housing among multifamily units. Burien and Everett have the least amount of owner-occupied housing among their multifamily units (12% each).

Exhibit 16
Percentage of Multifamily Units Occupied by Owner, 2000

Source: U.S. Census (2000)
Another indicator of tenure by housing type shows Lynnwood has more rental housing among its single-family detached housing than other communities, as shown in Exhibit 17. Lynnwood’s single-family housing includes 16% of that is owner-occupied. Only Everett has a larger share of rental housing among its detached housing, with 18% of its detached housing occupied by renters.

Source: U.S. Census, 2000
Single-Family Housing Sales Prices

Home purchase prices in Lynnwood rank in the middle among comparable communities, as shown in Exhibit 18. In 2003, the average price for a single-family detached home in Lynnwood was $248,000, greater than the average for Snohomish County ($237,000) and less than the King County average ($312,000).

Homes in neighboring communities Edmonds and Bothell generally cost more, averaging $302,000 in Edmonds and $268,000 in Bothell. Homes in Mountlake Terrace (Lynnwood's other neighbor, not shown in the figure) sold for much less in 2003, averaging $196,000. All of these areas had comparably active markets in 2003.

Source: Central Puget Sound Real Estate Research Report, 2004
Multifamily Housing Market Indicators

Condo Prices. Sales prices for multifamily units are more equitable across cities, as Exhibit 19 shows. In Lynnwood, attached homes sales in 2003 averaged $224,000, which ranked in the upper middle among comparable communities. Nearby in Edmonds, multifamily units sold for an average of $248,000 in 2003.

Average condo sales prices in Kirkland ($218,000) and Bellevue ($199,000) show that multifamily, owner-occupied housing provides a relatively affordable home ownership option – higher concentrations of multifamily, owner-occupied housing do not equate to higher priced housing. Kirkland and Bellevue have the highest share of owner-occupied housing among their multifamily housing, as shown in Exhibit 16, but as Exhibit 19 shows, prices for many of those units are less than regional averages.

Source: Central Puget Sound Real Estate Research Report, 2004
Rental Prices and Vacancy Rates

Rents in Lynnwood follow regional trends very closely, renting for $0.82 per square foot in 2003. Rental prices in most of the comparable communities are very near $0.80 per square foot as well, as shown in Exhibit 20. Prices are higher in Kirkland and Bellevue, as for King County overall, and lower in Everett.

Vacancies are highest in Edmonds, Burien and Lynnwood, respectively. Region-wide vacancies have been considerably higher since midway through 2001 — higher than they had been for ten years prior. Since 2001, vacancies region-wide have averaged between 7.0% and 8.0%. Prior to 2001, regional vacancy rates averaged between 3.0% and 5.0% since 1996, and since 1992 they stayed below 6.0%.

Source: Central Puget Sound Real Estate Research Report, 2004
Lynnwood is a mid-sized suburb of Seattle, with a population base large enough to support a robust local economy. The local economy itself and its connections to the region are focus areas of the next section. The following findings summarize points drawn from Lynnwood’s demographic analysis and are important for consideration in developing the economic strategy:

- Lynnwood has grown historically through a combination of annexations, new residents moving to the City and natural increases. In recent years, however, little growth has occurred.
- Household incomes in the City are substantially lower than regional trends and in comparable communities.
- The City has roughly the same share of middle-income households as elsewhere, but a much higher share of lower-income households, and a much lower share of higher-income households.

- Age distribution in Lynnwood is similar to that of the region and comparable cities.
- Lynnwood is home to relatively higher concentration of people born in other countries. People born in Eastern Europe make up a large share of foreign-born residents.
- The City has an unusually high proportion of multifamily and rental housing, and a relatively low proportion of owner-occupied housing.
- Home prices are generally affordable, slightly lower than neighbors, and generally consistent with regional trends.

Overall, the City’s population base is growing and southwest Snohomish County will continue to grow more rapidly than the region. The City’s residents, however, are not as economically diverse as in other cities, and attracting the City’s share of population growth could be a challenge. Lynnwood has fewer high-income residents and more low-income residents. The City’s housing stock reflects and supports this trend with higher shares of rental and multifamily housing.
Employment Trends and Forecasts

Commute Patterns and Jobs-to-Housing Ratios

Lynnwood’s residents work throughout the Puget Sound region, concentrated most heavily in Lynnwood and Downtown Seattle, followed by the University of Washington and Bellevue, as shown in Exhibit 21. Bothell and Mountlake Terrace have many Lynnwood workers as well.

Lynnwood is not a bedroom community, however. The ratio of local jobs to housing units provides an indicator of the degree to which a city can be thought of as a bedroom community. Regionwide, across the central Puget Sound region (King, Kitsap, Pierce and Snohomish Counties) there are 1.6 jobs for every housing unit. In Lynnwood, the jobs-to-housing ratio is 1.6 as well, as shown in Exhibit 22.

All other cities in southwest Snohomish County have jobs-to-housing ratios of 0.8 or less. The higher jobs concentration show Lynnwood to be the commerce center of this area.
Exhibit 21
Work Destinations of Lynnwood Residents, 2000

Source: U.S. Census, 2000

Exhibit 22
Jobs-to-Housing Ratios by City, 2002

The daytime population of people working in Lynnwood draws workers that live in communities from throughout the region. People who work in Lynnwood live in areas most heavily concentrated in south Snohomish County and north King County, as shown in Exhibit 23. Most of the City’s workers come from areas within a roughly five to six mile radius, skewed to the north beyond Everett.
Jobs in Lynnwood

Lynnwood’s economy is well known to be dominated by retail businesses, heavily concentrated in and around Alderwood Mall. Lynnwood’s retail employment composes a greater share of total local employment than in any of the comparable cities, as shown in Exhibit 24.

Exhibit 24 also shows that Lynnwood has a relatively greater concentration of jobs in the Finance, Insurance and Real Estate (FIRE) sector. In Lynnwood, 9% of local jobs are in this sector, compared to just 5% and 7% in Snohomish County and King County, respectively. Only Bellevue has a greater share of jobs concentrated in this sector (11%).

The City has relatively few jobs in manufacturing (3%) compared to Snohomish County (24%) and King County (12%). Boeing jobs account for the larger share of manufacturing jobs in Snohomish County. Several other cities have fewer local jobs in manufacturing as well, such as Edmonds, Burien and Shoreline.
Exhibit 25 shows the actual number jobs in Lynnwood in 1995 and 2002, as estimated by the Puget Sound Regional Council using data from Washington State Employment Security Department. The table shows a decrease in jobs in manufacturing during this period (Boeing is known to have vacated office buildings in eastern Lynnwood), a small decrease in jobs in retail overall, and modest growth in all other sectors. (Retail trends are analyzed in greater detail later in this report.)

Lynnwood’s Finance Sector
Lynnwood’s jobs in FIRE include a few relatively larger employers. Mostly, however, the City appears to be the southwest Snohomish County financial services center, with nearly 200 small to medium-sized companies (up to 100 jobs each) located in Lynnwood. Lynnwood has more than 1,900 jobs in this sector, accounting for 18% of the County’s total of 10,800 FIRE jobs. Lynnwood has more jobs in this sector than any city located between Seattle and Everett.

Exhibit 25
Lynnwood Jobs by Sector, 1995 and 2002

<table>
<thead>
<tr>
<th>Sector</th>
<th>1995</th>
<th>2002</th>
<th>Change ’95 -’02</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction and Resources</td>
<td>1,124</td>
<td>1,50</td>
<td>26</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>2,596</td>
<td>742</td>
<td>(1,854)</td>
</tr>
<tr>
<td>Wholesale Trade, Transportation, Communication, Utilities (WTCU)</td>
<td>1,136</td>
<td>1,256</td>
<td>120</td>
</tr>
<tr>
<td>Retail</td>
<td>8,518</td>
<td>8,094</td>
<td>(424)</td>
</tr>
<tr>
<td>Finance, Insurance, Real Estate (FIRE)</td>
<td>1,947</td>
<td>1,949</td>
<td>2</td>
</tr>
<tr>
<td>Services</td>
<td>4,131</td>
<td>4,530</td>
<td>399</td>
</tr>
<tr>
<td>Education</td>
<td>2,412</td>
<td>2,613</td>
<td>201</td>
</tr>
<tr>
<td>Government</td>
<td>620</td>
<td>1,199</td>
<td>579</td>
</tr>
<tr>
<td>Total</td>
<td>22,485</td>
<td>21,532</td>
<td>(953)</td>
</tr>
</tbody>
</table>

Source: Washington State Employment Security Department, Puget Sound Regional Council
Note: Data have been checked for confidentiality requests; no suppression required. Data include “covered” jobs only; jobs covered by State unemployment insurance.
Unemployment

Unemployment in King and Snohomish Counties have declined this year to 5.7% in King County and 6.8% in Snohomish County, as shown in Exhibit 26. Statewide unemployment is at 6.5%. These improvements follow several years of increases in unemployment, peaking in 2003. In 2003, statewide unemployment matched 1993 for the highest unemployment rates since 1986. Historically, both counties’ unemployment rates have been lower than statewide unemployment, but in recent years Snohomish County has had higher unemployment than the State.

Exhibit 26

Unemployment Rates in King and Snohomish County and Washington State, 1990 - 2004

Retail jobs stand out as a primary component of Lynnwood’s employment base. Retail jobs include many jobs that pay lower wages. The median wage in 2002 for all jobs in Washington State was $16.95, according to Washington State Employment Security Department. As shown in Exhibit 27, the distribution of retail jobs is heavily skewed toward lower wages – more than 75% of all retail jobs paid less than $18 per hour in 2002.

Finance and Insurance jobs paid much more similarly to averages across all industries, also shown in Exhibit 27. Nearly 25% of Finance and Insurance jobs paid more than $30 per hour. A greater share of Architecture and Engineering jobs paid more than $30 per hour – 36% in 2002. Software Publishing was among the very highest paying industries in 2002 – 77% of Software jobs paid more than $30 per hour; 31% paid more than $50 per hour.

**Exhibit 27**
**Wages by Sector**

Employment Trends within Lynnwood
Job growth has occurred throughout the City, at the same time that many places have lost some jobs. Exhibit 28 shows how jobs changed within the City from 1995 through 2002. Jobs have increased substantially in the vicinity of Alderwood Mall, in the northeast portion of the City. Many areas elsewhere in the City saw a decrease in jobs, as shown in red in the Exhibit.
As discussed earlier in this section, retail jobs overall declined in the City during this period, but Exhibit 29 shows that around Alderwood Mall retail jobs increased substantially. Retail declines elsewhere in the City led to an overall net loss.

Similarly, jobs in finance, insurance and real estate (FIRE) and services have migrated generally to the northeast within the City as shown in Exhibits 30 and 31.
Exhibit 30
Change in FIRE Employment in Lynnwood, 1995 - 2002

Source: Puget Sound Regional Council, Washington State Employment Security Department

Exhibit 31
Change in Services Employment in Lynnwood, 1995 - 2002

Source: Puget Sound Regional Council, Washington State Employment Security Department
Southwest Snohomish County’s Biotech Cluster

Biotech is an industry of interest that includes companies in both manufacturing and services jobs. In southwest Snohomish County, Bothell has become a regional center of biotech companies, with roughly 30 biotech companies located in Bothell’s Canyon Park and along North Creek Parkway, as shown in Exhibit 32. Canyon Park is five miles from Lynnwood along I-405 and I-5, with North Creek Parkway another two miles south along I-405. Biotech jobs in these areas combined total 1,700, but 7,300 jobs across all sectors are located in these two areas.

Lynnwood’s proximity to the Bothell biotech cluster presents a potential opportunity for Lynnwood businesses and development. Competing for this opportunity are Kirkland, Redmond and Bellevue, all of which have similar proximity advantages and much larger commercial centers.
Employment Forecasts

Regionwide, several thousands of jobs are forecasted by PSRC to locate in and around Lynnwood during the next 16 years, as the maps show in Exhibits 33, 34 and 35. Northeast Lynnwood in particular, which includes the mall and surrounding retail areas, is forecasted to receive the most jobs and grow the most rapidly of any area in southwest Snohomish County.

The forecasts for these areas (called forecast analysis zones by PSRC) represent an allocation of regionwide forecasts. The allocations are based on geographic trends and regional plans.

Similarly to the findings from the population forecasts (Exhibit 13), the key point of the employment forecasts is that Lynnwood is expected to be at the center of strong employment in southwest Snohomish County for many years.
Three zones together encompass Lynnwood; these zones are forecasted to receive a net gain of 13,800 jobs between 2000 and 2020. Most of these jobs (8,500), are forecasted to occur in the FIRES sector, as shown in Exhibit 35. Retail jobs are forecasted to increase by 3,500, as well.
Retail Sales Analysis

Taxable Retail Sales

Retail activity is very important to the City for many reasons, including fostering economic vitality, providing jobs and serving as a source for municipal funding. Lynnwood has been a major retail center for the central Puget Sound region for many years. Citywide taxable retail sales at retail establishments increased substantially during the late 1990s, as shown in Exhibit 36. (The data exclude retail sales tax on construction activity and from other non-retail businesses.)

The period from 1995 to 2000 included the most rapid growth, with real growth (adjusted for inflation) averaging 3.2% for those five years. Sales fell off somewhat in 2001 and 2002, but rebounded considerably in 2003 to a total of $1.3 billion in taxable retail sales citywide (a real increase of 5.1%).

Exhibit 36
Lynnwood Taxable Retail Sales, 1990 - 2003 (2003 Dollars)

Source: Washington State Department of Revenue
Retail Sales Per Capita

Retail sales per capita provides an indicator of the relative amount of retail activity in a city, given its population. Larger cities would be expected to have more retail sales to service the basic retail needs of its residents. Comparing the data on a per capita basis shows the strength of the retail market in each city.

In 2002, Lynnwood had taxable retail sales of $36,243, including only retail businesses. Exhibit 37 shows that on a per capita basis, no city of comparable size or nearby has the amount of retail sales in their city. Only Tukwila has higher taxable retail sales per capita in western Washington, with $67,469 per resident. Overall (i.e. not on a per capita basis), Lynnwood had more retail sales than Tukwila in 2002 ($1.232 billion in Lynnwood versus $1.165 billion in Tukwila, a 6% difference).

Exhibit 37
City Taxable Retail Sales Comparison, 2002

Lynnwood Trade Capture

Lynnwood retailers draw shoppers from all over the Pacific Northwest and beyond. People visiting or just passing through the region, to and from Vancouver and Portland, for example, might shop while in the area. The primary shopping area—the area from which the majority of shoppers come to Lynnwood—is much closer to the City.

Alderwood Mall, Lynnwood’s retail center, is one of four major shopping malls in the region, along with Northgate Mall (in Seattle), Bellevue Square Mall and Southcenter Mall (in Tukwila). Shoppers may segment themselves somewhat in choosing to shop at one mall or the other, but generally these malls geographically divide a large share of the retail market in the region.

Alderwood Mall management identifies their primary market area as a seven-mile radius from the Mall. This radius extends into North Seattle to the south, Kirkland and Woodinville to the east and Everett to the north. The seven-mile radius fits with a 30% trade capture in Lynnwood of all spending in that area, shown in Exhibit 38. Population densities in Exhibit 38 show concentrations of potential shoppers within the trade area.

Trade Area Calculations

The retail sales data for the City, showing typical spending of regional residents and local incomes together provide a means to analyze the geographic reach of Lynnwood retailers.

In King and Snohomish County combined, taxable retail sales per capita in 2003 were $9,100 for retail items (excluding contractors and others). Average incomes in the two-county region were 10% higher than average incomes within seven miles of Lynnwood, and as mentioned above, taxable retail sales per capita in Lynnwood were $38,041 in 2003 — 4.2 times higher than the regional average, or 4.6 times higher than expected when adjusted for incomes.

Therefore, the trade area could be thought of as an area with population equivalent to 4.6 times that of Lynnwood, but that would assume everyone in that area shops all of the time in Lynnwood, a useless assumption, of course.

A capture rate of 30% (30% of all spending by people in the larger area occurs in Lynnwood) would indicate a market area of a seven-mile radius beyond City Limits, shown in Exhibit 38.
Exhibit 38
Lynnwood Retail Trade Capture:
Equivalent to 30% of Spending for All Residents Within Seven Miles

Source: U.S. Census, Washington State Department of Revenue
Regional Growth Impact on Lynnwood Retail

In 2000, 479,000 people lived within seven miles of Lynnwood. The PSRC population forecasts show that the market area could grow by more than 127,000 people by 2020. Correspondingly, annual retail spending could increase by $1.2 billion from people living in that area by 2020. For Lynnwood to maintain its capture of regional spending, retail space in Lynnwood would need to increase by 750,000 to 1,000,000 s.f. Exhibit 39 shows one scenario resulting in 850,000 s.f. of new retail demand. For context, Lynnwood currently has approximately 2.5 million square feet of retail space.

Trends that could affect this projection include changes in the retail industry, such as Internet shopping and more experiential shopping (such as Seattle’s REI Flagship Store). Increased competition will continue to challenge Lynnwood’s position as a regional leader in retail. Woodinville, Northgate, Everett and other retail centers continue to grow and attempt to gain market share by attracting more shoppers from throughout the region.

Exhibit 39
Retail Space Calculations

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 Population</td>
<td>479,000</td>
</tr>
<tr>
<td>2000-2020 Population Growth</td>
<td>127,000</td>
</tr>
<tr>
<td>Taxable Retail Sales per Capita</td>
<td>$9,100</td>
</tr>
<tr>
<td>2000-2020 Growth in T.R.S.</td>
<td>$1,156,000,000</td>
</tr>
<tr>
<td>Lynnwood Trade Capture</td>
<td>30%</td>
</tr>
<tr>
<td>T.R.S. per Square Foot (SF)</td>
<td>$400</td>
</tr>
<tr>
<td><strong>Increased Retail SF in Lynnwood</strong></td>
<td><strong>860,000</strong></td>
</tr>
</tbody>
</table>

Source: Puget Sound Regional Council, Washington State Department of Revenue, Urban Land Institute
Real Estate Trends

Land Values

Land values in Lynnwood vary somewhat within the City and generally match land values throughout much of southwest Snohomish County as shown in Exhibit 40. (Data on this map have been combined from the Snohomish County tax assessor’s and the King County tax assessor’s offices; their data differ enough to challenge cross-county comparisons. Comparisons are more valid within each County.)

Higher valued land in the eastern portion of the City reflects commercial land in the City Center and around Alderwood Mall. Residential areas are generally have lower priced land, consistent with many surrounding areas.

Exhibit 40
Assessed Land Value per Square Foot by Parcel, 2003

Source: King County Assessors Office, Snohomish County Assessors Office
Vacancy Rates, Rental Prices and Absorption

Retail

In retail markets, vacancy rates in Lynnwood are lower than anywhere else in the region, as shown in Exhibit 41. Prices are above average for Snohomish County, reflecting a strong market for retail space in Lynnwood. Prices elsewhere in the region vary considerably, from more than $41 per s.f. in Downtown Seattle to prices in the low teens throughout south King County and Pierce County.

Exhibit 41

Regional Retail Vacancy Trends and Retail Prices, 2003

<table>
<thead>
<tr>
<th>Submarket</th>
<th>Gross Leasable Area (sf)</th>
<th>Vacancy w/ Sublease</th>
<th>Net Absorption</th>
<th>Under Construction</th>
<th>Average Triple-Net Rent Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downtown CBD</td>
<td>3,097,735</td>
<td>3.69%</td>
<td>3,618</td>
<td></td>
<td>$41.04</td>
</tr>
<tr>
<td>Northend</td>
<td>9,349,739</td>
<td>4.43%</td>
<td>-6,603</td>
<td>303,500</td>
<td>$15.86</td>
</tr>
<tr>
<td>Everett/Snohomish County</td>
<td>3,215,346</td>
<td>8.07%</td>
<td></td>
<td></td>
<td>$14.07</td>
</tr>
<tr>
<td>Lynnwood/Mountlake Terrace</td>
<td>2,468,523</td>
<td>2.07%</td>
<td></td>
<td></td>
<td>$16.21</td>
</tr>
<tr>
<td>Northgate/North Seattle</td>
<td>3,665,870</td>
<td>2.82%</td>
<td></td>
<td></td>
<td>$20.34</td>
</tr>
<tr>
<td>Southend</td>
<td>10,005,841</td>
<td>3.12%</td>
<td>121,996</td>
<td>185,000</td>
<td>$15.04</td>
</tr>
<tr>
<td>Federal Way</td>
<td>2,504,431</td>
<td>6.46%</td>
<td></td>
<td></td>
<td>$19.30</td>
</tr>
<tr>
<td>Kent/Auburn</td>
<td>3,006,334</td>
<td>1.85%</td>
<td></td>
<td></td>
<td>$12.82</td>
</tr>
<tr>
<td>Renton/Tukwila</td>
<td>3,391,756</td>
<td>1.22%</td>
<td></td>
<td></td>
<td>$14.64</td>
</tr>
<tr>
<td>SeaTac</td>
<td>374,173</td>
<td>2.31%</td>
<td></td>
<td></td>
<td>$22.58</td>
</tr>
<tr>
<td>South/West Seattle</td>
<td>729,147</td>
<td>6.18%</td>
<td></td>
<td></td>
<td>$13.26</td>
</tr>
<tr>
<td>Bellevue/Eastside</td>
<td>11,281,985</td>
<td>4.19%</td>
<td>133,322</td>
<td>413,400</td>
<td>$19.57</td>
</tr>
<tr>
<td>520/Overlake</td>
<td>994,072</td>
<td>0.75%</td>
<td></td>
<td></td>
<td>$18.33</td>
</tr>
<tr>
<td>Bellevue CBD</td>
<td>1,819,213</td>
<td>1.54%</td>
<td></td>
<td></td>
<td>$22.05</td>
</tr>
<tr>
<td>Bellevue Suburban</td>
<td>1,172,886</td>
<td>12.75%</td>
<td></td>
<td></td>
<td>$20.85</td>
</tr>
<tr>
<td>Bothell/Woodinville</td>
<td>1,795,420</td>
<td>0.87%</td>
<td></td>
<td></td>
<td>$20.23</td>
</tr>
<tr>
<td>I-90 Corridor</td>
<td>2,697,763</td>
<td>3.95%</td>
<td></td>
<td></td>
<td>$18.80</td>
</tr>
<tr>
<td>Kirkland/Totem Lake</td>
<td>920,217</td>
<td>8.58%</td>
<td></td>
<td></td>
<td>$16.36</td>
</tr>
<tr>
<td>Redmond/Willows</td>
<td>1,882,414</td>
<td>4.58%</td>
<td></td>
<td></td>
<td>$21.55</td>
</tr>
<tr>
<td>Tacoma</td>
<td>7,207,671</td>
<td>3.99%</td>
<td>-28,421</td>
<td>237,486</td>
<td>$13.64</td>
</tr>
<tr>
<td>Tacoma CBD</td>
<td>174,950</td>
<td>47.90%</td>
<td></td>
<td></td>
<td>$12.19</td>
</tr>
<tr>
<td>Tacoma/Suburban/Pierce County</td>
<td>7,032,721</td>
<td>2.90%</td>
<td></td>
<td></td>
<td>$14.07</td>
</tr>
<tr>
<td>Regional Totals</td>
<td>40,942,971</td>
<td>3.91%</td>
<td>223,912</td>
<td>1,139,386</td>
<td>$18.24</td>
</tr>
</tbody>
</table>

Sources: Costar, OfficeSpace.com, Commercial Brokerage Association, and CB Richard Ellis brokers.
Office
The Lynnwood office market—defined geographically by real estate interests, not by City Limits—includes the largest amount of office space in what is referred to as the Northend among real estate companies. The Northend generally is Snohomish County along the I-5 corridor and areas to the west.

The Lynnwood office market includes 1.6 million square feet of offices, of which more than 500,000 s.f. are vacant (31% vacancy rate), as shown in Exhibit 42. South Everett has more than 122,000 s.f. of vacant office space, contributing to the total of 735,000 vacant s.f. in the Northend (17% vacancy rate).

Prices in the Northend average near $21 per s.f.—also the average for the region, Seattle and the Eastside. Prices in the Southend average lower near $18 per s.f. Office prices vary by specific location and amenities, of course, but currently the market for office space remains soft, as it has been for several years. Large vacancy trends in Downtown Seattle and Downtown Bellevue, along with new construction plans in both Cities will continue to challenge the Class A and B office markets for some time, according to real estate research companies (Colliers International, Grubb & Ellis and Cushman & Wakefield).

### Exhibit 42
Regional Office Vacancy Trends, 2003

<table>
<thead>
<tr>
<th></th>
<th>Total Inventory (SF)</th>
<th>Vacant Direct Space</th>
<th>Sublease Space</th>
<th>Total Space Vacant</th>
<th>Direct Vacancy Rate</th>
<th>Total Vacancy Rate</th>
<th>Absorption 1Q’04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Everett CBD</td>
<td>643,595</td>
<td>16,922</td>
<td>0</td>
<td>16,922</td>
<td>3%</td>
<td>3%</td>
<td>-10,861</td>
</tr>
<tr>
<td>Edmonds</td>
<td>337,531</td>
<td>32,706</td>
<td>0</td>
<td>32,706</td>
<td>10%</td>
<td>10%</td>
<td>443</td>
</tr>
<tr>
<td>Lynnwood</td>
<td>1,622,104</td>
<td>509,382</td>
<td>0</td>
<td>509,382</td>
<td>31%</td>
<td>31%</td>
<td>33,303</td>
</tr>
<tr>
<td>Mill Creek</td>
<td>165,974</td>
<td>20,743</td>
<td>2,040</td>
<td>22,783</td>
<td>13%</td>
<td>14%</td>
<td>12,015</td>
</tr>
<tr>
<td>Mountlake Terrace</td>
<td>661,186</td>
<td>30,614</td>
<td>0</td>
<td>30,614</td>
<td>5%</td>
<td>5%</td>
<td>-8,801</td>
</tr>
<tr>
<td>South Everett</td>
<td>798,269</td>
<td>117,314</td>
<td>5,201</td>
<td>122,515</td>
<td>15%</td>
<td>15%</td>
<td>79,481</td>
</tr>
<tr>
<td>Total Northend</td>
<td>4,228,659</td>
<td>727,681</td>
<td>7,241</td>
<td>734,922</td>
<td>17%</td>
<td>17%</td>
<td>105,580</td>
</tr>
</tbody>
</table>

Source: Colliers International, Inc.
The soft office market is evident with the large amount of vacant office space in Bellevue, Bothell and Woodinville -- where 1.8 million s.f. of office space is vacant (combined in all three cities), in addition to Lynnwood’s 500,000 s.f. of vacant offices, as shown in Exhibit 43.

Many businesses might consider these cities substitutes for Lynnwood. Regionally, much of this vacant space will need to be absorbed by employment growth to reduce the risk of developing office space in Lynnwood.

Exhibit 43
Vacant Office Space in Competing Markets, Q4, 2003

Source: Colliers International, Inc.
Industrial Market

The industrial market currently has attributes similar to the office market, and even higher vacancy rates in the Northend (23%), as shown in Exhibit 44. In Lynnwood, however, vacancy rates are slightly lower at 13%. More than 127,000 s.f. of vacant industrial space exists in Lynnwood. Region-wide, vacancies are 10%, led by stronger markets in South King County and in Pierce County.

Flex-tech and industrial space in Snohomish County rents at a slightly higher rate ($1.00 per s.f. per month) than elsewhere in the region ($0.90 in Tacoma and Seattle). Eastside rates are closer to those of Snohomish County.

Exhibit 44
Regional Industrial Vacancy Trends, 2003

<table>
<thead>
<tr>
<th></th>
<th>Total Inventory (SF)</th>
<th>Vacant Direct Space</th>
<th>Sublease Space</th>
<th>Total Space Vacant</th>
<th>Direct Vacancy Rate</th>
<th>Total Vacancy Rate</th>
<th>Absorption 1Q’04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arlington</td>
<td>512,663</td>
<td>75,794</td>
<td>0</td>
<td>75,794</td>
<td>15%</td>
<td>15%</td>
<td>0</td>
</tr>
<tr>
<td>Everett Close-In</td>
<td>417,322</td>
<td>71,115</td>
<td>0</td>
<td>71,115</td>
<td>17%</td>
<td>17%</td>
<td>14,459</td>
</tr>
<tr>
<td>Lynnwood</td>
<td>1,001,923</td>
<td>127,612</td>
<td>0</td>
<td>127,612</td>
<td>13%</td>
<td>13%</td>
<td>30,412</td>
</tr>
<tr>
<td>Marysville</td>
<td>487,268</td>
<td>96,462</td>
<td>20,000</td>
<td>116,462</td>
<td>20%</td>
<td>24%</td>
<td>40,608</td>
</tr>
<tr>
<td>Mill Creek</td>
<td>270,886</td>
<td>12,182</td>
<td>0</td>
<td>12,182</td>
<td>5%</td>
<td>5%</td>
<td>28,451</td>
</tr>
<tr>
<td>Monroe</td>
<td>684,184</td>
<td>99,016</td>
<td>0</td>
<td>99,016</td>
<td>14%</td>
<td>14%</td>
<td>29,400</td>
</tr>
<tr>
<td>Mountlake Terrace</td>
<td>233,287</td>
<td>42,284</td>
<td>0</td>
<td>42,284</td>
<td>18%</td>
<td>18%</td>
<td>-7,048</td>
</tr>
<tr>
<td>Mukilteo</td>
<td>2,686,516</td>
<td>815,242</td>
<td>3,705</td>
<td>818,947</td>
<td>30%</td>
<td>30%</td>
<td>-23,425</td>
</tr>
<tr>
<td>South Everett</td>
<td>4,107,174</td>
<td>1,024,198</td>
<td>0</td>
<td>1,024,198</td>
<td>25%</td>
<td>25%</td>
<td>-36,214</td>
</tr>
<tr>
<td>Total Northend</td>
<td>10,401,223</td>
<td>2,363,905</td>
<td>23,705</td>
<td>2,387,610</td>
<td>23%</td>
<td>23%</td>
<td>76,643</td>
</tr>
</tbody>
</table>

Source: Colliers International, Inc.
Key Findings about Lynnwood’s Economy

Lynnwood is a major retail center for the central Puget Sound region and the commercial center of southwest Snohomish County. The following key findings summarize points drawn from Lynnwood’s economic analysis:

• Nearly 4,000 (24%) of Lynnwood’s residents work in Lynnwood, but 13,000 (76%) leave the City for work in Downtown Seattle, the University of Washington, Bellevue and other areas throughout the region.

• At the same time, people living throughout western Snohomish County come to work in Lynnwood, primarily including areas from north Seattle to north of Everett.

• The City’s employment base is heavily concentrated in retail, but includes concentrations of jobs in the financial sector (9%).

• The City has relatively few industrial jobs (9% in manufacturing and WTCU, compared to 26% in King and Snohomish Counties combined), and surprisingly few jobs in the services sector (21% of Lynnwood’s jobs, compared to 28% in King and Snohomish Counties combined).

• The City’s retail base is very strong and growing again after two years of decline.

• Population growth in the City’s broad retail market area will continue to drive demand for much more retail space (750,000 s.f. to 1,000,000 s.f.) in and around Lynnwood.

• Bothell’s biotech cluster and other companies in Bothell nearby are an economic center with potentially complementary attributes from which Lynnwood businesses can benefit. However, Lynnwood would compete with Redmond and Bellevue for many of those relationships.

• The soft office market in the region, and especially in Lynnwood, present challenges for new development. Large vacancies (31%) in Lynnwood present opportunities for large and growing firms seeking location advantages offered by Lynnwood.
Strategic Themes: Opportunities and Challenges

The analyses in this report suggest several strategic themes to explore as part of the strategy development process, organized into opportunities and challenges, as follows:

- **Capturing the benefits of forecasted growth.** Southwest Snohomish County population will continue to grow more rapidly than the region for many years. Lynnwood has the opportunity to benefit from this direct impact to economic growth.

- **Celebrating Lynnwood’s diverse population.** The ethnic diversity represented by the City’s foreign-born residents presents opportunities for cultural centers and economic development that celebrates cultural diversity.

- **Maintaining the City’s retail prominence.** The City is well known to be the retail destination north of Seattle. Expansions underway at and around Alderwood Mall provide momentum important to capture as part of this strategic process.

- **Diversifying the local economy.** The City’s retail base is strong and growing, which makes the present the best time to diversify the economy and diminish long-term pressure for the local retail industry to sustain the economy. The City’s financial services base and connections to the regional economy provide opportunities to grow areas of the economy other than retail.

- **Fostering entrepreneurship and small business development.** Growing businesses from within presents the best long-term strategy for growing a local economy. Finding ways to create business opportunities and policies conducive to entrepreneurship will be an important part of a strategy to diversify the local economy.

- **Geographic diversity.** Strong momentum is taking jobs to the Alderwood Mall area away from elsewhere in the City. The City’s plans for City Center, along with plans for the S.R. 99 Corridor and neighborhood commercial can help stabilize and grow the rest of the City.
• **Neighborhood enhancements.** The relatively smaller share of owner-occupied housing and single-family housing demonstrates a need to invest in neighborhoods to make them more desirable to middle-income and higher-income households. Strategies in this arena will require further assessment of the needs of the residential areas.

• **Image, identity, sense of community.** All of these challenges roll up into the City’s image and identity, heavily colored by the sense of community in Lynnwood. The City’s image as a retail center and place to take care of finances brings daytime visitors that invest in their homes and workplaces elsewhere.

• **Competing within a very soft office market.** In the near-term, creating new office development as inviting places for businesses to locate will be challenging. Substantial vacancies throughout the region allow many communities to compete with Lynnwood for new tenants. Until office absorption accelerates region-wide, new office development in Lynnwood will be challenged.

• **Capturing jobs locally for the City’s labor force.** Creating an economic environment desirable to both live and work is the challenge for the City. Currently, residents choose to live in Lynnwood because of its affordability. Highway and transit access allow them to work in Downtown Seattle, the University of Washington, Bellevue and other commerce centers. Repositioning the City as a place to live and work will require coordinated strategies for the City’s residential and commercial areas.

• **Focusing on quality of life and amenities.** The City’s population base is large enough to support a robust local economy. Supporting local residents and making the City an attractive place to live is the best way to add vitality to the local economy.