



TEN-YEAR ECONOMIC DEVELOPMENT STRATEGIC PLAN

ANALYSIS AND PROGRESS HIGHLIGHTS
THE CITY OF AUBURN, WA

JEFF MARCELL – AARON FARMER – LANZI LI

APRIL 8, 2019



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PROJECT OVERVIEW

COMPONENTS OF THE PLAN RFP

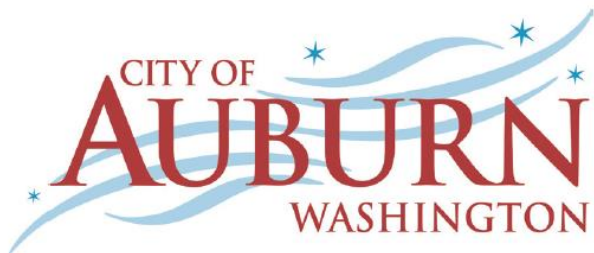
1. Kick-Off Meeting
2. Existing Conditions Analysis
3. Market Capacity Study
4. Strengths, Weaknesses, Opportunities, & Threats (SWOT) Analysis
5. Reverse Site Selection
6. Perception Survey (Site Selectors)
7. Best Practice Case Studies & Performance Metrics
8. Target Industry Validation & Selection
9. Public Engagement
10. Ten (10) Year Comprehensive Economic Development Strategic Plan
11. Economic Development Strategic Plan Review, Refinement, & Adoption
12. Project Management

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THE RETAIL COACH

A photograph of a street in Auburn, Washington, featuring a prominent clock tower with the word 'Auburn' on top. The street is lined with various storefronts, including one with a sign that says 'ANTIQUE'. Several cars are parked along the street. The entire image is overlaid with a semi-transparent blue filter.

Retail Market Analysis 2019 Update



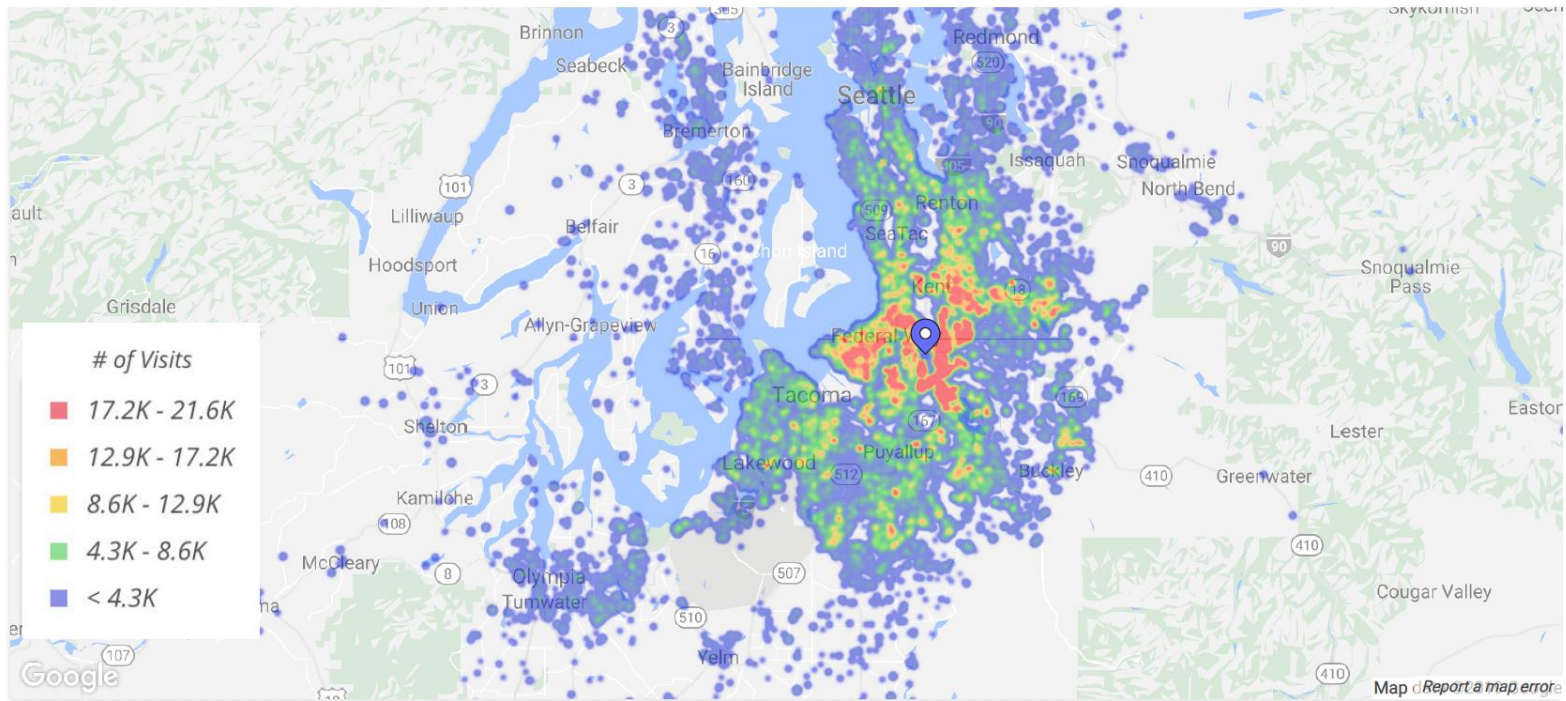
STRATEGY: ASSESSING AUBURN'S RETAIL OPPORTUNITIES

RETAIL TRADE AREA

Mobile Data Studies



THE OUTLET COLLECTION- MOBILE DATA SURVEY

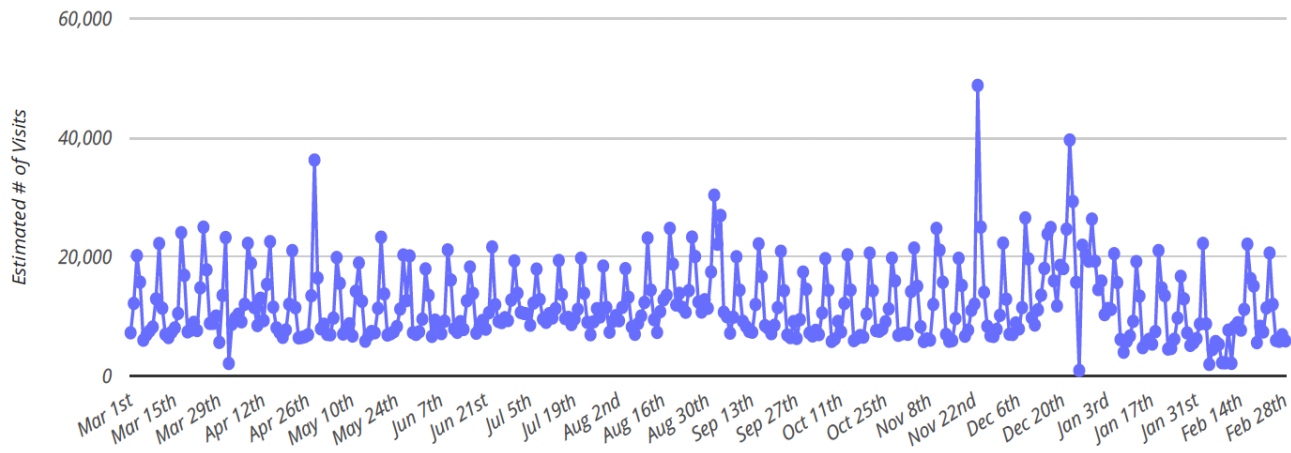


Cell Phone Data Studies

Metrics

| | <i>Est. # of Customers</i> | <i>Est. # of Visits</i> |
|--|----------------------------|-------------------------|
| The Outlet Collection / Outlet Collection Dr SW | 977.6K | 4.4M |

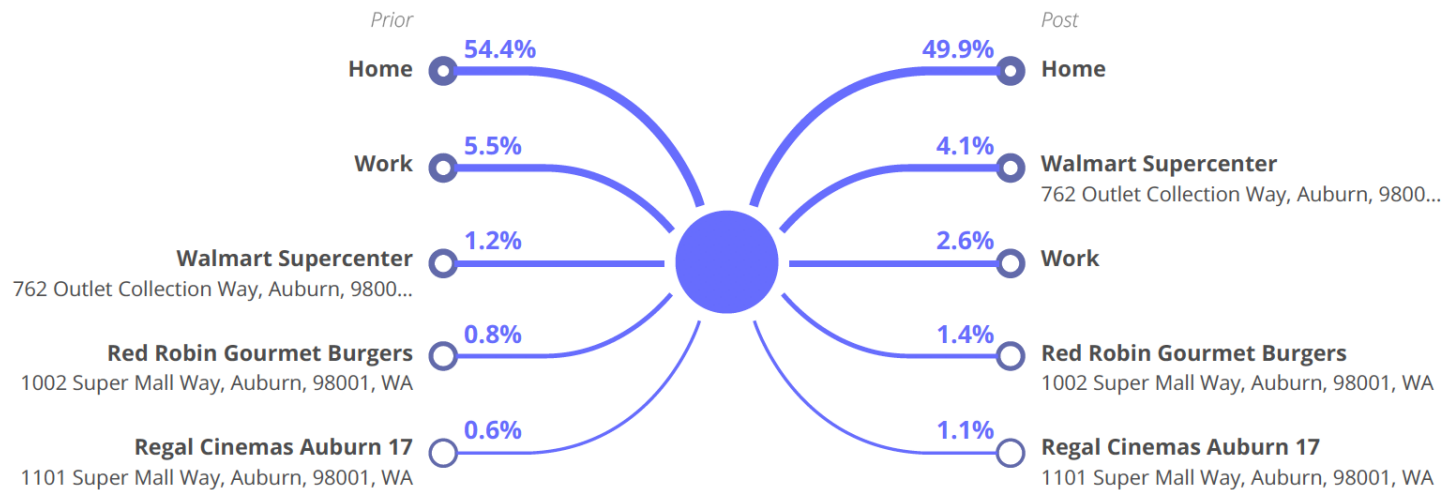
Visits Trend



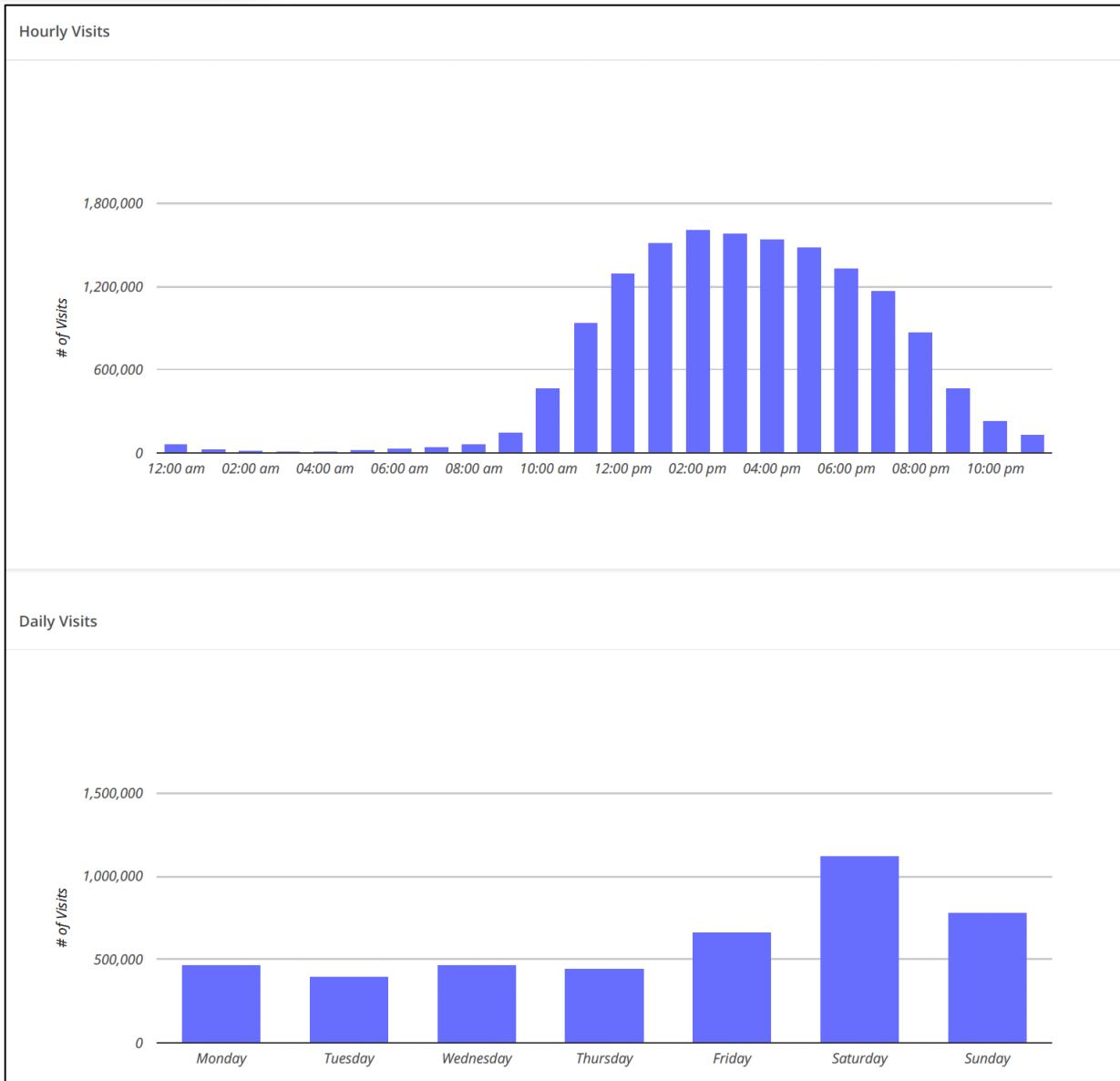
Cell Phone Data Studies

Customer Journey

The Outlet Collection / Outlet Collection Dr SW



Cell Phone Data Studies

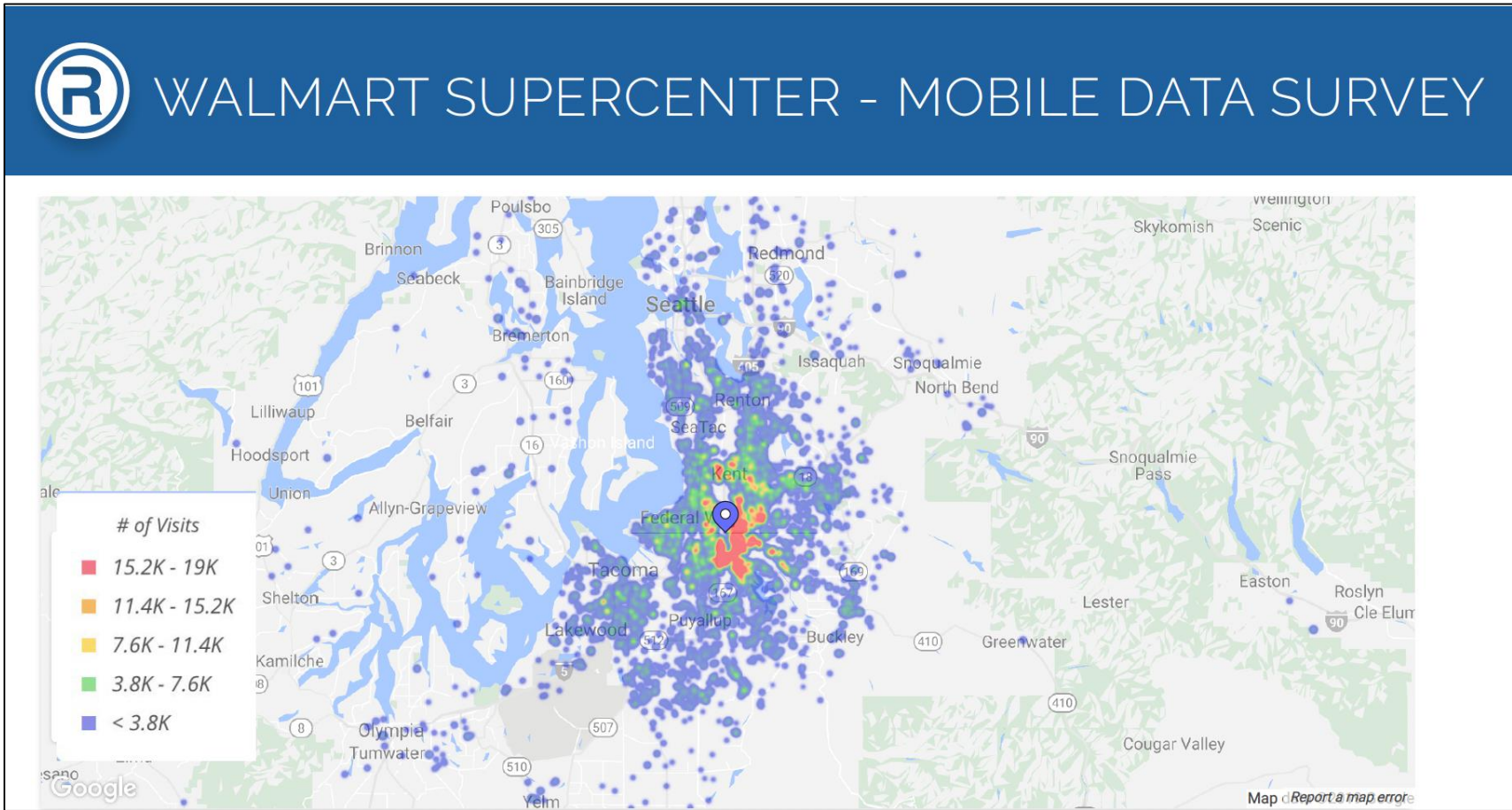


RETAIL TRADE AREA

Mobile Data Studies

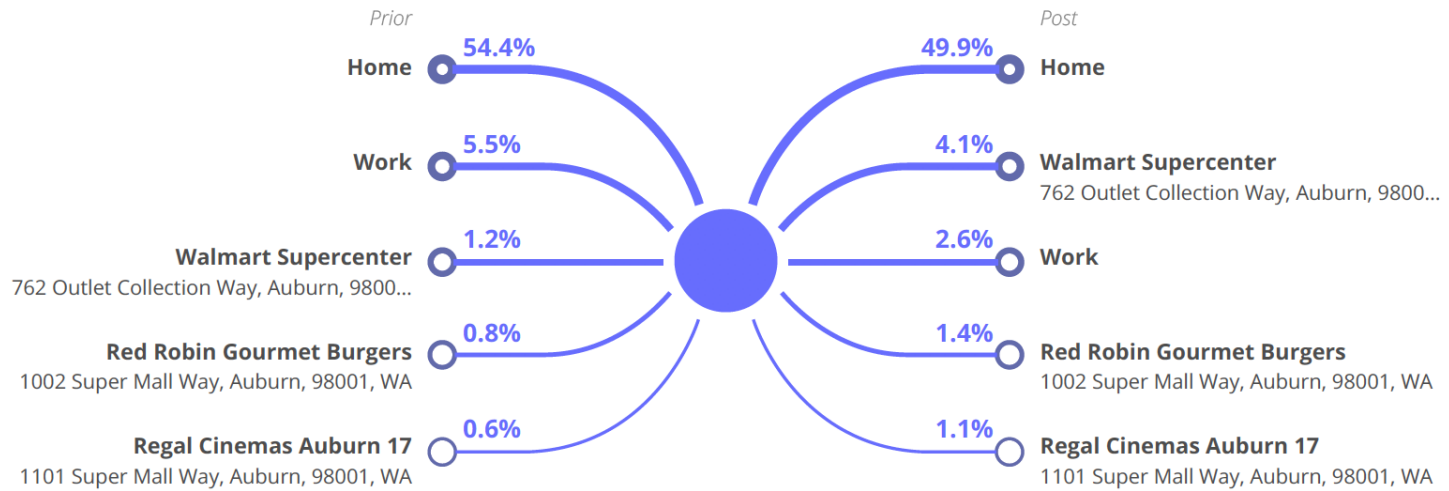


WALMART SUPERCENTER - MOBILE DATA SURVEY

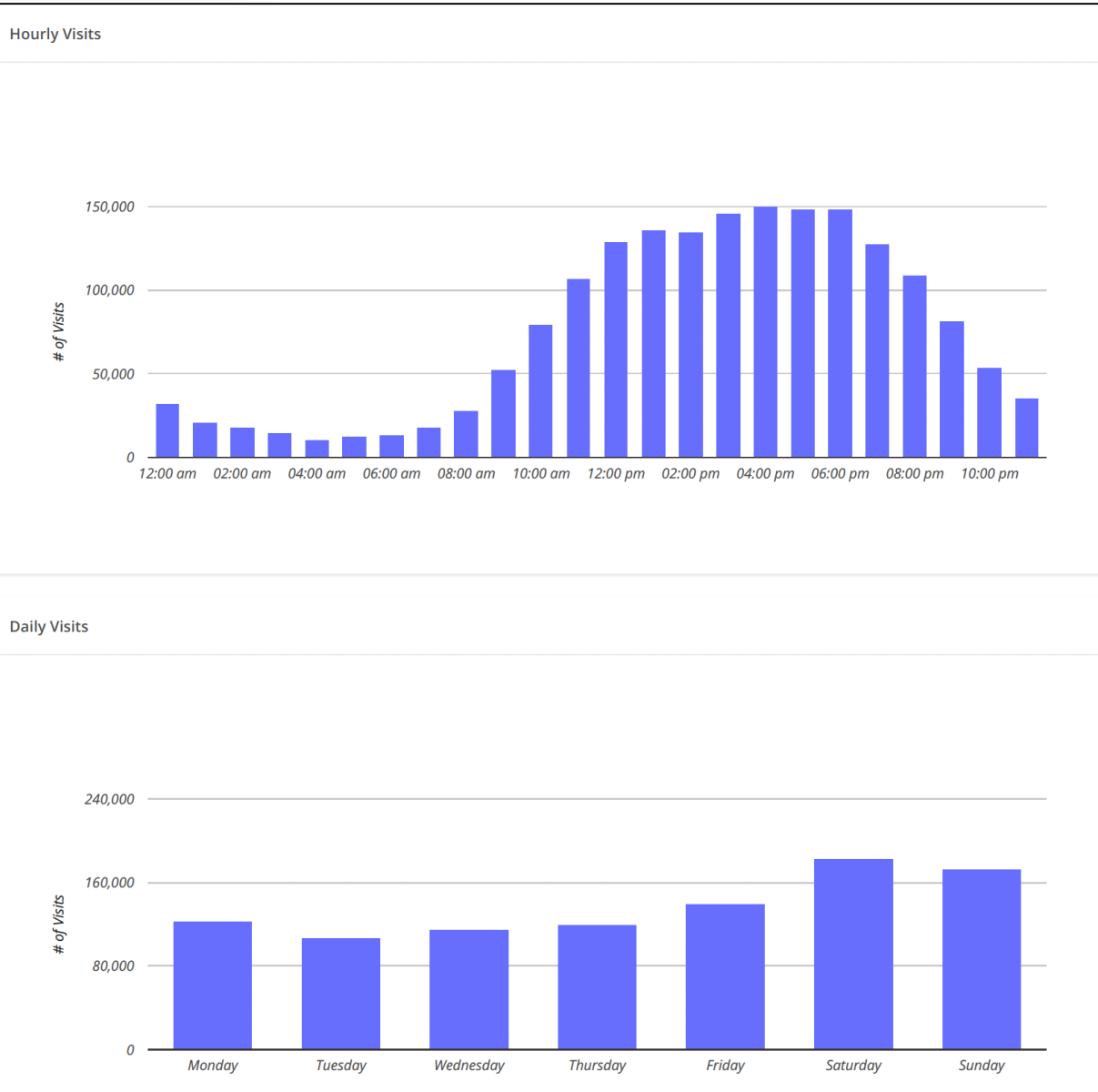


Customer Journey

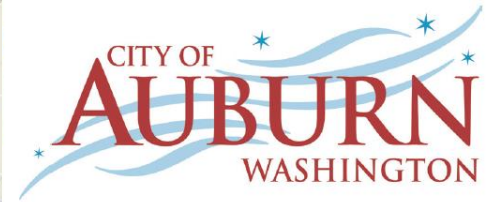
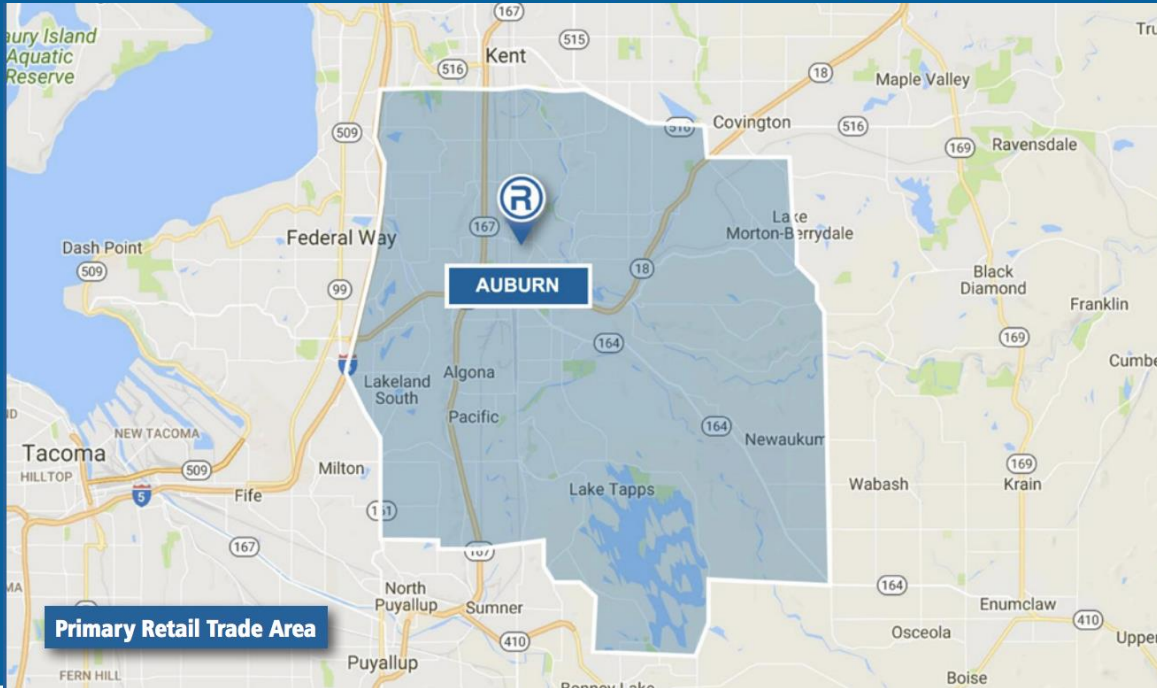
The Outlet Collection / Outlet Collection Dr SW



Cell Phone Data Studies



Retail Market Profile 2019



Contact Information

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January 2019. All information furnished is from sources deemed reliable and is submitted subject to errors, omissions, change of terms and/or conditions. Prepared by The Retail Coach, LLC, a national retail consulting and market research firm. 800.851.0962.

Population

| | 2000 | 2010 | 2019 ESTIMATE | 2024 PROJECTION |
|---------------------------|---------|---------|---------------|-----------------|
| Primary Retail Trade Area | 132,468 | 158,446 | 185,052 | 198,895 |

Income

| | 2019 ESTIMATE |
|-------------------|---------------|
| Average Household | \$102,751 |
| Median Household | \$80,290 |
| Per Capita | \$36,143 |

2018 Avg. HH Income: \$95,989

2018: Educational Attainment

| | 2019 ESTIMATE |
|-----------------------------|---------------|
| Graduate or Professional | 7.5% |
| Bachelor's Degree | 18.5% |
| Associate Degree | 11.2% |
| Some College, No Degree | 23.8% |
| High School Graduate | 27.9% |
| Some High School, No Degree | 6.7% |
| Less than 9th Grade | 4.5% |

Race Distribution

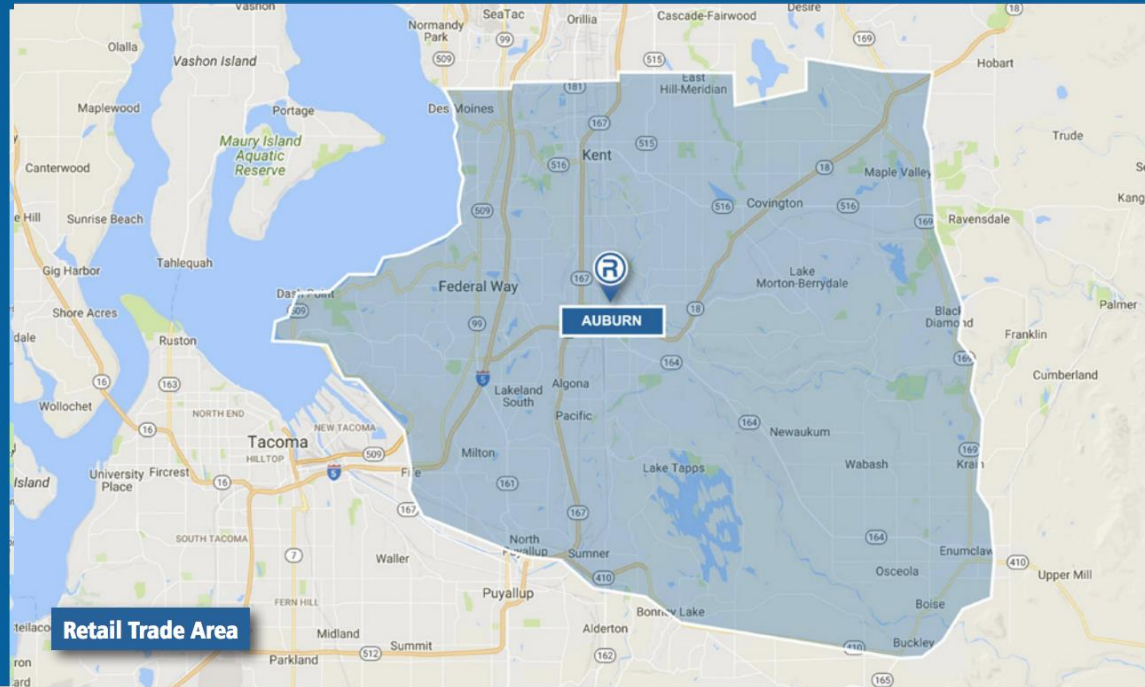
| | 2019 ESTIMATE |
|----------------------------------|---------------|
| White | 64.73% |
| Black or African American | 6.16% |
| American Indian/Alaskan | 1.88% |
| Asian | 12.91% |
| Native Hawaiian/Islander | 1.79% |
| Other Race | 6.31% |
| Two or More Races | 6.22% |
| Hispanic or Latino (of any race) | 13.06% |

Age

| GROUPS | 2019 ESTIMATE |
|-------------------|---------------|
| 9 Years and Under | 13.40% |
| 10-17 Years | 10.39% |
| 18-24 Years | 8.83% |
| 25-34 Years | 15.47% |
| 35-44 Years | 12.95% |
| 45-54 Years | 13.10% |
| 55-64 Years | 13.10% |
| 65 Years and Over | 12.77% |
| DISTRIBUTION | 2019 ESTIMATE |
| Median Age | 36.40 |
| Average Age | 37.67 |



Retail Market Profile 2019



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Population

| | 2000 | 2010 | 2019 ESTIMATE | 2024 PROJECTION |
|-------------------|---------|---------|---------------|-----------------|
| Retail Trade Area | 439,046 | 501,421 | 573,010 | 612,937 |

Income

| | 2019 ESTIMATE |
|-------------------|---------------|
| Average Household | \$101,337 |
| Median Household | \$78,562 |
| Per Capita | \$37,015 |

2018 Avg. HH Income: \$95,130

Educational Attainment

| | 2019 ESTIMATE |
|-----------------------------|---------------|
| Graduate or Professional | 8.4% |
| Bachelor's Degree | 19.0% |
| Associate Degree | 10.8% |
| Some College, No Degree | 24.5% |
| High School Graduate | 26.4% |
| Some High School, No Degree | 6.5% |
| Less than 9th Grade | 4.5% |

Race Distribution

| | 2019 ESTIMATE |
|----------------------------------|---------------|
| White | 62.23% |
| Black or African American | 7.63% |
| American Indian/Alaskan | 1.32% |
| Asian | 13.47% |
| Native Hawaiian/Islander | 1.92% |
| Other Race | 6.93% |
| Two or More Races | 6.51% |
| Hispanic or Latino (of any race) | 14.26% |

Age

| GROUPS | 2019 ESTIMATE |
|-------------------|---------------|
| 9 Years and Under | 13.41% |
| 10-17 Years | 10.21% |
| 18-24 Years | 8.63% |
| 25-34 Years | 15.52% |
| 35-44 Years | 13.33% |
| 45-54 Years | 13.01% |
| 55-64 Years | 12.86% |
| 65 Years and Over | 13.04% |
| DISTRIBUTION | 2019 ESTIMATE |
| Median Age | 36.60 |
| Average Age | 37.82 |





Retail Gap Analysis

Community RGA

| DESCRIPTION | POTENTIAL SALES | ACTUAL SALES | *LEAKAGE/SURPLUS | *LEAKAGE INDEX |
|--|------------------------|------------------------|----------------------|----------------|
| Total retail trade including food and drinking places | \$1,716,880,174 | \$1,472,050,310 | \$244,829,864 | 0.86 |
| | | | | |
| Motor vehicle and parts dealers | \$238,346,836 | \$404,360,920 | -\$166,014,084 | 1.70 |
| Automobile dealers | \$191,439,302 | \$342,708,017 | -\$151,268,715 | 1.79 |
| Other motor vehicle dealers | \$24,864,441 | \$33,260,387 | -\$8,395,946 | 1.34 |
| Automotive parts, accessories, and tire stores | \$22,043,092 | \$28,392,516 | -\$6,349,424 | 1.29 |
| | | | | |
| Furniture and home furnishings stores | \$23,774,534 | \$18,614,554 | \$5,159,980 | 0.78 |
| Furniture stores | \$10,824,101 | \$3,768,508 | \$7,055,593 | 0.35 |
| Home furnishings stores | \$12,950,433 | \$14,846,046 | -\$1,895,613 | 1.15 |
| | | | | |
| Electronics and appliance stores | \$18,016,424 | \$3,945,927 | \$14,070,497 | 0.22 |
| Household appliance stores | \$2,765,800 | \$898,913 | \$1,866,887 | 0.33 |
| Electronics stores | \$15,250,624 | \$3,047,014 | \$12,203,610 | 0.20 |
| | | | | |
| Building material and garden equipment and supplies dealers | \$82,518,203 | \$79,225,520 | \$3,292,683 | 0.96 |
| Building material and supplies dealers | \$71,254,442 | \$76,200,104 | -\$4,945,662 | 1.07 |
| Home centers | \$36,675,490 | \$43,555,757 | -\$6,880,267 | 1.19 |
| Paint and wallpaper stores | \$1,493,496 | \$3,029,869 | -\$1,536,373 | 2.03 |
| Hardware stores | \$9,249,739 | \$3,437,171 | \$5,812,568 | 0.37 |
| Other building material dealers | \$23,835,717 | \$26,177,307 | -\$2,341,590 | 1.10 |
| Lawn and garden equipment and supplies stores | \$11,263,762 | \$3,025,416 | \$8,238,346 | 0.27 |
| Outdoor power equipment stores | \$1,815,761 | \$144,424 | \$1,671,337 | 0.08 |
| Nursery, garden center, and farm supply stores | \$9,448,000 | \$2,880,992 | \$6,567,008 | 0.30 |
| | | | | |
| Food and beverage stores | \$176,511,986 | \$133,945,050 | \$42,566,936 | 0.76 |
| Grocery stores | \$158,341,494 | \$112,427,319 | \$45,914,175 | 0.71 |
| Supermarkets and other grocery (except convenience) stores | \$153,218,995 | \$105,902,361 | \$47,316,634 | 0.69 |
| Convenience stores | \$5,122,500 | \$6,524,958 | -\$1,402,458 | 1.27 |
| Specialty food stores | \$5,299,436 | \$6,735,139 | -\$1,435,703 | 1.27 |
| Beer, wine, and liquor stores | \$12,871,055 | \$14,782,592 | -\$1,911,537 | 1.15 |

Community RGA

| DESCRIPTION | POTENTIAL SALES | ACTUAL SALES | *LEAKAGE/SURPLUS | †LEAKAGE INDEX |
|--|-----------------|---------------|------------------|----------------|
| Health and personal care stores | \$47,823,925 | \$36,797,103 | \$11,026,822 | 0.77 |
| Pharmacies and drug stores | \$37,844,502 | \$24,713,622 | \$13,130,880 | 0.65 |
| Cosmetics, beauty supplies, and perfume stores | \$2,742,050 | \$5,696,201 | -\$2,954,151 | 2.08 |
| Optical goods stores | \$2,184,853 | \$2,432,132 | -\$247,279 | 1.11 |
| Other health and personal care stores | \$5,052,521 | \$3,955,148 | \$1,097,373 | 0.78 |
| | | | | |
| Gasoline stations | \$69,172,107 | \$115,234,564 | -\$46,062,457 | 1.67 |
| | | | | |
| Clothing and clothing accessories stores | \$46,472,987 | \$87,180,528 | -\$40,707,541 | 1.88 |
| Clothing stores | \$35,615,647 | \$66,269,737 | -\$30,654,090 | 1.86 |
| Men's clothing stores | \$1,084,089 | \$7,500,708 | -\$6,416,619 | 6.92 |
| Women's clothing stores | \$3,991,961 | \$14,567,154 | -\$10,575,193 | 3.65 |
| Children's and infants' clothing stores | \$1,482,222 | \$9,002,229 | -\$7,520,007 | 6.07 |
| Family clothing stores | \$25,125,758 | \$19,705,398 | \$5,420,360 | 0.78 |
| Clothing accessories stores | \$1,418,282 | \$5,158,805 | -\$3,740,523 | 3.64 |
| Other clothing stores | \$2,513,336 | \$10,335,443 | -\$7,822,107 | 4.11 |
| Shoe stores | \$5,087,270 | \$5,364,701 | -\$277,431 | 1.05 |
| Jewelry, luggage, and leather goods stores | \$5,770,069 | \$15,546,090 | -\$9,776,021 | 2.69 |
| Jewelry stores | \$5,418,069 | \$15,502,011 | -\$10,083,942 | 2.86 |
| Luggage and leather goods stores | \$352,001 | \$44,079 | \$307,922 | 0.13 |
| | | | | |
| Sporting goods, hobby, musical instrument, and book stores | \$17,911,065 | \$22,432,283 | -\$4,521,218 | 1.25 |
| Sporting goods, hobby, and musical instrument stores | \$15,931,761 | \$21,603,801 | -\$5,672,040 | 1.36 |
| Sporting goods stores | \$9,429,730 | \$20,290,772 | -\$10,861,042 | 2.15 |
| Hobby, toy, and game stores | \$4,093,473 | \$1,089,703 | \$3,003,770 | 0.27 |
| Sewing, needlework, and piece goods stores | \$1,382,242 | \$223,326 | \$1,158,916 | 0.16 |
| Musical instrument and supplies stores | \$1,026,317 | \$0 | \$1,026,317 | 0.00 |
| Book stores and news dealers | \$1,979,304 | \$828,482 | \$1,150,822 | 0.42 |

Community RGA

| DESCRIPTION | POTENTIAL SALES | ACTUAL SALES | *LEAKAGE/SURPLUS | †LEAKAGE INDEX |
|--|-----------------|---------------|------------------|----------------|
| General merchandise stores | \$187,419,950 | \$337,738,590 | -\$150,318,640 | 1.80 |
| Department stores | \$26,951,690 | \$44,828,203 | -\$17,876,513 | 1.66 |
| Other general merchandise stores | \$160,468,260 | \$292,910,387 | -\$132,442,127 | 1.83 |
| | | | | |
| Miscellaneous store retailers | \$26,700,326 | \$38,352,054 | -\$11,651,728 | 1.44 |
| Florists | \$929,799 | \$6,358,675 | -\$5,428,876 | 6.84 |
| Office supplies, stationery, and gift stores | \$4,143,493 | \$6,170,278 | -\$2,026,785 | 1.49 |
| Office supplies and stationery stores | \$1,945,068 | \$5,525,187 | -\$3,580,119 | 2.84 |
| Gift, novelty, and souvenir stores | \$2,198,425 | \$645,091 | \$1,553,334 | 0.29 |
| Used merchandise stores | \$6,838,583 | \$1,939,486 | \$4,899,097 | 0.28 |
| Other miscellaneous store retailers | \$14,788,450 | \$23,883,615 | -\$9,095,165 | 1.62 |
| Pet and pet supplies stores | \$5,269,848 | \$3,129,904 | \$2,139,944 | 0.59 |
| All other miscellaneous store retailers | \$9,518,602 | \$20,753,711 | -\$11,235,109 | 2.18 |
| | | | | |
| Non-store retailers | \$635,940,676 | \$40,717,129 | \$595,223,547 | 0.06 |
| | | | | |
| Food services and drinking places | \$146,271,155 | \$153,506,088 | -\$7,234,933 | 1.05 |
| Special food services | \$10,688,009 | \$4,761,743 | \$5,926,266 | 0.45 |
| Drinking places (alcoholic beverages) | \$6,908,481 | \$1,991,989 | \$4,916,492 | 0.29 |
| Restaurants and other eating places | \$128,674,666 | \$146,752,356 | -\$18,077,690 | 1.14 |
| Full-service restaurants | \$65,870,351 | \$53,273,640 | \$12,596,711 | 0.81 |
| Limited-service restaurants | \$46,999,872 | \$89,170,379 | -\$42,170,507 | 1.90 |
| Cafeterias, grill buffets, and buffets | \$1,285,519 | \$2,143,290 | -\$857,771 | 1.67 |
| Snack and nonalcoholic beverage bars | \$14,518,923 | \$2,165,047 | \$12,353,876 | 0.15 |

Primary Retail Trade

| DESCRIPTION | POTENTIAL SALES | ACTUAL SALES | *LEAKAGE/SURPLUS | *LEAKAGE INDEX |
|--|------------------------|------------------------|------------------------|----------------|
| Total retail trade including food and drinking places | \$3,206,901,598 | \$1,472,050,310 | \$1,734,851,288 | 0.46 |
| Motor vehicle and parts dealers | \$445,199,881 | \$404,360,920 | \$40,838,961 | 0.91 |
| Automobile dealers | \$357,582,908 | \$342,708,017 | \$14,874,891 | 0.96 |
| Other motor vehicle dealers | \$46,443,437 | \$33,260,387 | \$13,183,050 | 0.72 |
| Automotive parts, accessories, and tire stores | \$41,173,536 | \$28,392,516 | \$12,781,020 | 0.69 |
| Furniture and home furnishings stores | \$44,407,637 | \$18,614,554 | \$25,793,083 | 0.42 |
| Furniture stores | \$20,217,968 | \$3,768,508 | \$16,449,460 | 0.19 |
| Home furnishings stores | \$24,189,669 | \$14,846,046 | \$9,343,623 | 0.61 |
| Electronics and appliance stores | \$33,652,260 | \$3,945,927 | \$29,706,333 | 0.12 |
| Household appliance stores | \$5,166,142 | \$898,913 | \$4,267,229 | 0.17 |
| Electronics stores | \$28,486,117 | \$3,047,014 | \$25,439,103 | 0.11 |
| Building material and garden equipment and supplies dealers | \$154,132,922 | \$79,225,520 | \$74,907,402 | 0.51 |
| Building material and supplies dealers | \$133,093,728 | \$76,200,104 | \$56,893,624 | 0.57 |
| Home centers | \$68,504,890 | \$43,555,757 | \$24,949,133 | 0.64 |
| Paint and wallpaper stores | \$2,789,650 | \$3,029,869 | -\$240,219 | 1.09 |
| Hardware stores | \$17,277,270 | \$3,437,171 | \$13,840,099 | 0.20 |
| Other building material dealers | \$44,521,918 | \$26,177,307 | \$18,344,611 | 0.59 |
| Lawn and garden equipment and supplies stores | \$21,039,194 | \$3,025,416 | \$18,013,778 | 0.14 |
| Outdoor power equipment stores | \$3,391,598 | \$144,424 | \$3,247,174 | 0.04 |
| Nursery, garden center, and farm supply stores | \$17,647,596 | \$2,880,992 | \$14,766,604 | 0.16 |
| Food and beverage stores | \$329,700,685 | \$133,945,050 | \$195,755,635 | 0.41 |
| Grocery stores | \$295,760,647 | \$112,427,319 | \$183,333,328 | 0.38 |
| Supermarkets and other grocery (except convenience) stores | \$286,192,506 | \$105,902,361 | \$180,290,145 | 0.37 |
| Convenience stores | \$9,568,141 | \$6,524,958 | \$3,043,183 | 0.68 |
| Specialty food stores | \$9,898,635 | \$6,735,139 | \$3,163,496 | 0.68 |
| Beer, wine, and liquor stores | \$24,041,403 | \$14,782,592 | \$9,258,811 | 0.61 |

Primary Retail Trade

Area RGA

| DESCRIPTION | POTENTIAL SALES | ACTUAL SALES | *LEAKAGE/SURPLUS | †LEAKAGE INDEX |
|--|-----------------|---------------|------------------|----------------|
| Health and personal care stores | \$89,328,670 | \$36,797,103 | \$52,531,567 | 0.41 |
| Pharmacies and drug stores | \$70,688,448 | \$24,713,622 | \$45,974,826 | 0.35 |
| Cosmetics, beauty supplies, and perfume stores | \$5,121,781 | \$5,696,201 | -\$574,420 | 1.11 |
| Optical goods stores | \$4,081,011 | \$2,432,132 | \$1,648,879 | 0.60 |
| Other health and personal care stores | \$9,437,430 | \$3,955,148 | \$5,482,282 | 0.42 |
| | | | | |
| Gasoline stations | \$129,204,206 | \$115,234,564 | \$13,969,642 | 0.89 |
| | | | | |
| Clothing and clothing accessories stores | \$86,805,298 | \$87,180,528 | -\$375,230 | 1.00 |
| Clothing stores | \$66,525,246 | \$66,269,737 | \$255,509 | 1.00 |
| Men's clothing stores | \$2,024,932 | \$7,500,708 | -\$5,475,776 | 3.70 |
| Women's clothing stores | \$7,456,446 | \$14,567,154 | -\$7,110,708 | 1.95 |
| Children's and infants' clothing stores | \$2,768,592 | \$9,002,229 | -\$6,233,637 | 3.25 |
| Family clothing stores | \$46,931,542 | \$19,705,398 | \$27,226,144 | 0.42 |
| Clothing accessories stores | \$2,649,160 | \$5,158,805 | -\$2,509,645 | 1.95 |
| Other clothing stores | \$4,694,574 | \$10,335,443 | -\$5,640,869 | 2.20 |
| Shoe stores | \$9,502,337 | \$5,364,701 | \$4,137,636 | 0.56 |
| Jewelry, luggage, and leather goods stores | \$10,777,715 | \$15,546,090 | -\$4,768,375 | 1.44 |
| Jewelry stores | \$10,120,225 | \$15,502,011 | -\$5,381,786 | 1.53 |
| Luggage and leather goods stores | \$657,490 | \$44,079 | \$613,411 | 0.07 |
| | | | | |
| Sporting goods, hobby, musical instrument, and book stores | \$33,455,464 | \$22,432,283 | \$11,023,181 | 0.67 |
| Sporting goods, hobby, and musical instrument stores | \$29,758,390 | \$21,603,801 | \$8,154,589 | 0.73 |
| Sporting goods stores | \$17,613,468 | \$20,290,772 | -\$2,677,304 | 1.15 |
| Hobby, toy, and game stores | \$7,646,058 | \$1,089,703 | \$6,556,355 | 0.14 |
| Sewing, needlework, and piece goods stores | \$2,581,842 | \$223,326 | \$2,358,516 | 0.09 |
| Musical instrument and supplies stores | \$1,917,022 | \$0 | \$1,917,022 | 0.00 |
| Book stores and news dealers | \$3,697,074 | \$828,482 | \$2,868,592 | 0.22 |

Primary Retail Trade Area RGA

| DESCRIPTION | POTENTIAL SALES | ACTUAL SALES | *LEAKAGE/SURPLUS | *LEAKAGE INDEX |
|--|-----------------|---------------|------------------|----------------|
| General merchandise stores | \$350,075,298 | \$337,738,590 | \$12,336,708 | 0.96 |
| Department stores | \$50,342,137 | \$44,828,203 | \$5,513,934 | 0.89 |
| Other general merchandise stores | \$299,733,161 | \$292,910,387 | \$6,822,774 | 0.98 |
| | | | | |
| Miscellaneous store retailers | \$49,872,623 | \$38,352,054 | \$11,520,569 | 0.77 |
| Florists | \$1,736,740 | \$6,358,675 | -\$4,621,935 | 3.66 |
| Office supplies, stationery, and gift stores | \$7,739,489 | \$6,170,278 | \$1,569,211 | 0.80 |
| Office supplies and stationery stores | \$3,633,126 | \$5,525,187 | -\$1,892,061 | 1.52 |
| Gift, novelty, and souvenir stores | \$4,106,363 | \$645,091 | \$3,461,272 | 0.16 |
| Used merchandise stores | \$12,773,556 | \$1,939,486 | \$10,834,070 | 0.15 |
| Other miscellaneous store retailers | \$27,622,838 | \$23,883,615 | \$3,739,223 | 0.86 |
| Pet and pet supplies stores | \$9,843,368 | \$3,129,904 | \$6,713,464 | 0.32 |
| All other miscellaneous store retailers | \$17,779,471 | \$20,753,711 | -\$2,974,240 | 1.17 |
| | | | | |
| Non-store retailers | \$1,187,851,779 | \$40,717,129 | \$1,147,134,650 | 0.03 |
| | | | | |
| Food services and drinking places | \$273,214,875 | \$153,506,088 | \$119,708,787 | 0.56 |
| Special food services | \$19,963,765 | \$4,761,743 | \$15,202,022 | 0.24 |
| Drinking places (alcoholic beverages) | \$12,904,114 | \$1,991,989 | \$10,912,125 | 0.15 |
| Restaurants and other eating places | \$240,346,995 | \$146,752,356 | \$93,594,639 | 0.61 |
| Full-service restaurants | \$123,036,971 | \$53,273,640 | \$69,763,331 | 0.43 |
| Limited-service restaurants | \$87,789,448 | \$89,170,379 | -\$1,380,931 | 1.02 |
| Cafeterias, grill buffets, and buffets | \$2,401,177 | \$2,143,290 | \$257,887 | 0.89 |
| Snack and nonalcoholic beverage bars | \$27,119,399 | \$2,165,047 | \$24,954,352 | 0.08 |

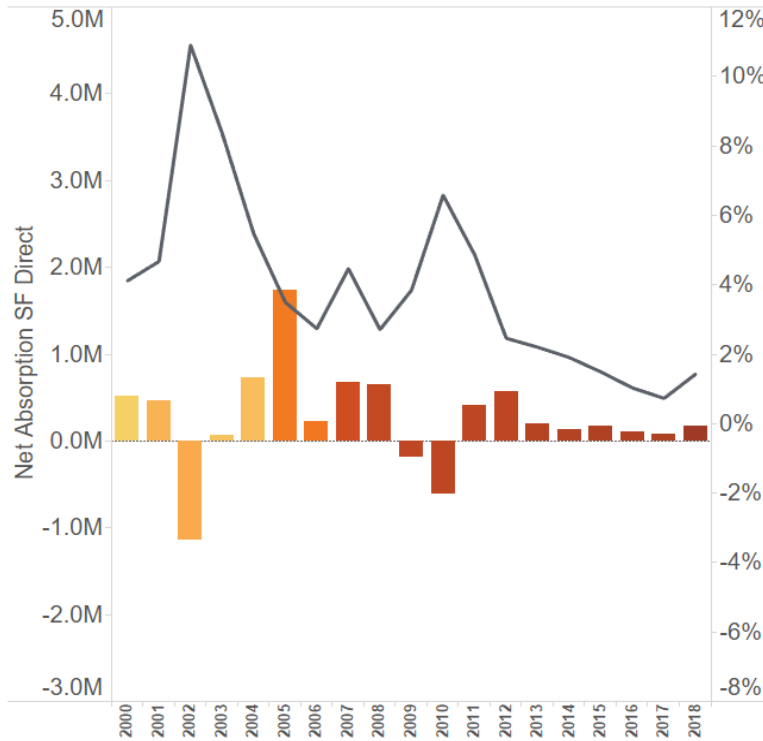
3

MARKET AND DEVELOPMENT CAPACITY

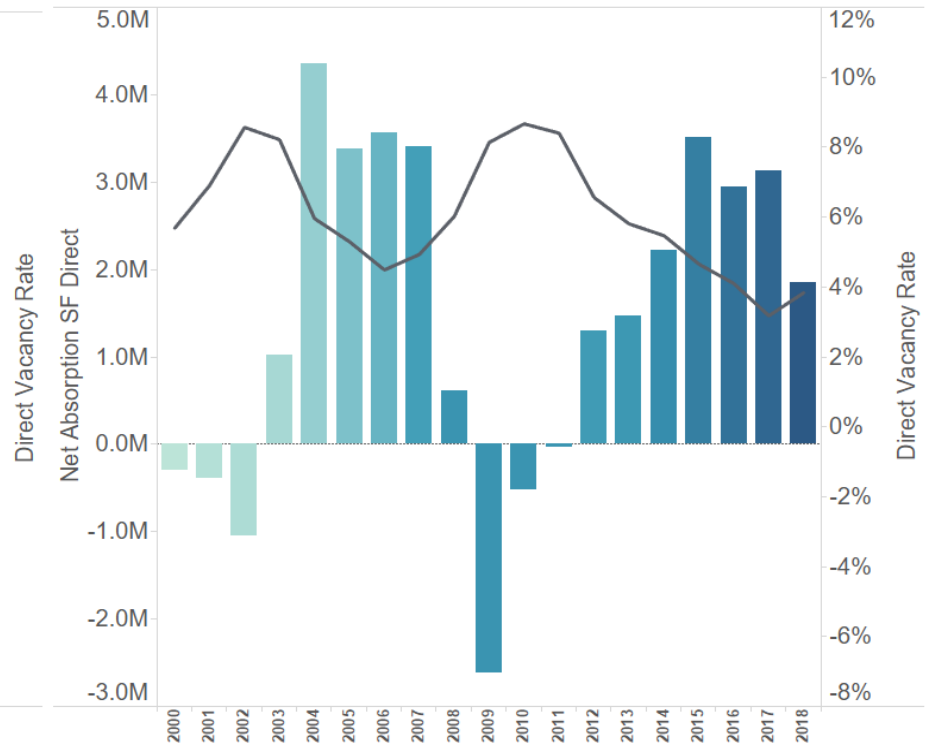
MARKET ASSESSMENT

Industrial Net Absorption & Vacancy Trends

Auburn



South King/Pierce County (excl. Auburn)



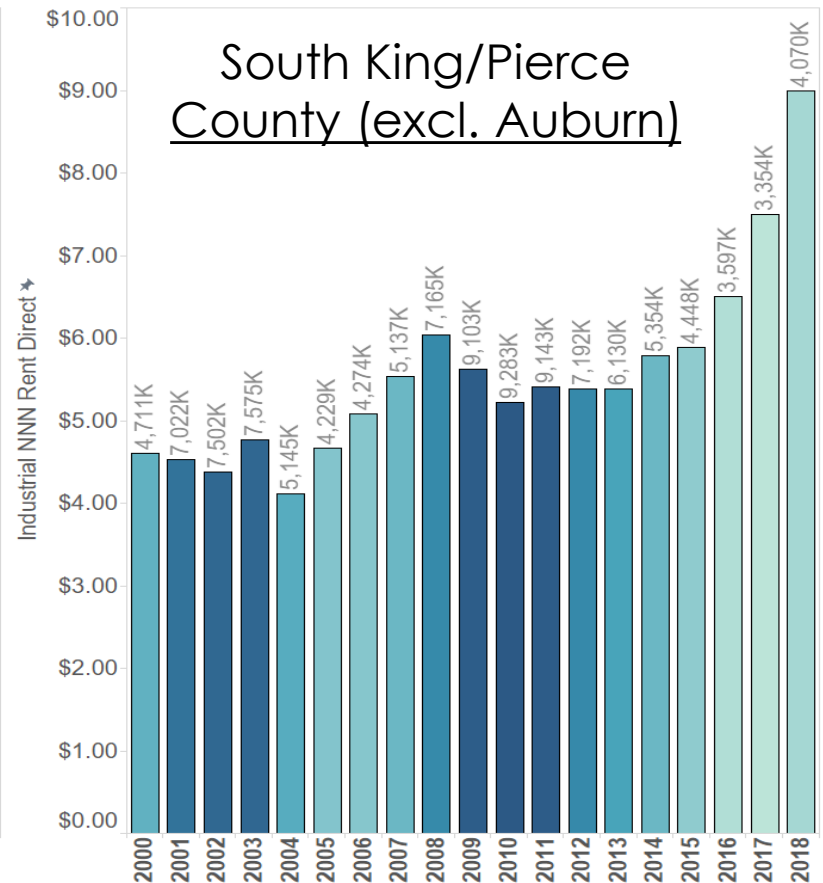
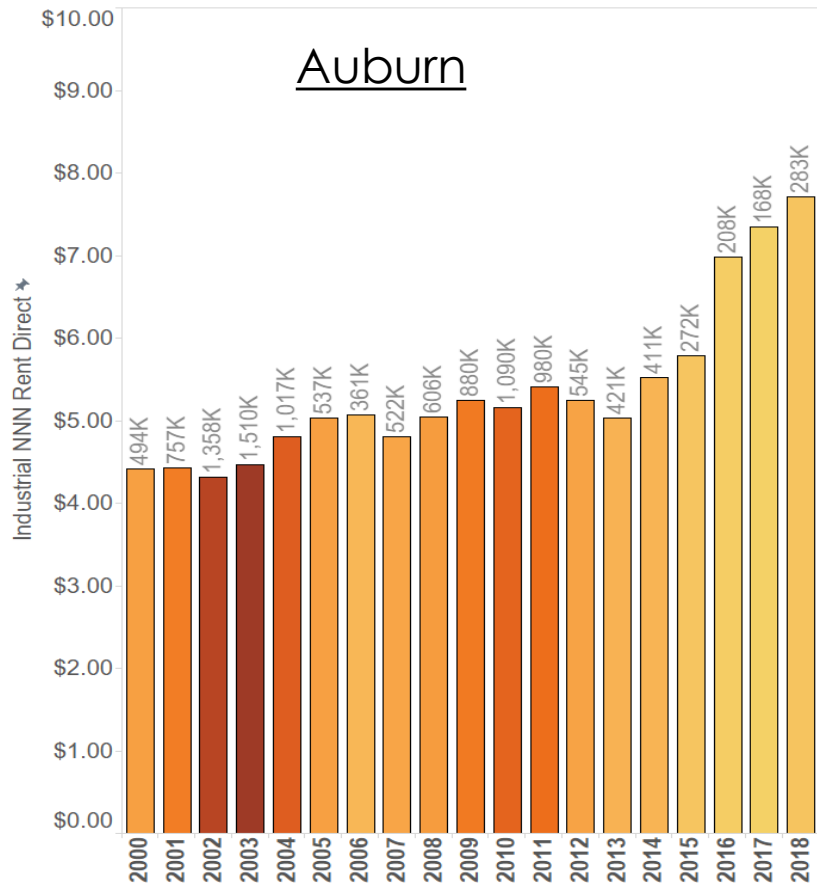
- Slight vacancy increase for both Auburn and in Market Area since 2017

BARS: Net Absorption
LINE: Vacancy Rate



MARKET ASSESSMENT

Industrial Rental Rate & Vacancy Trends



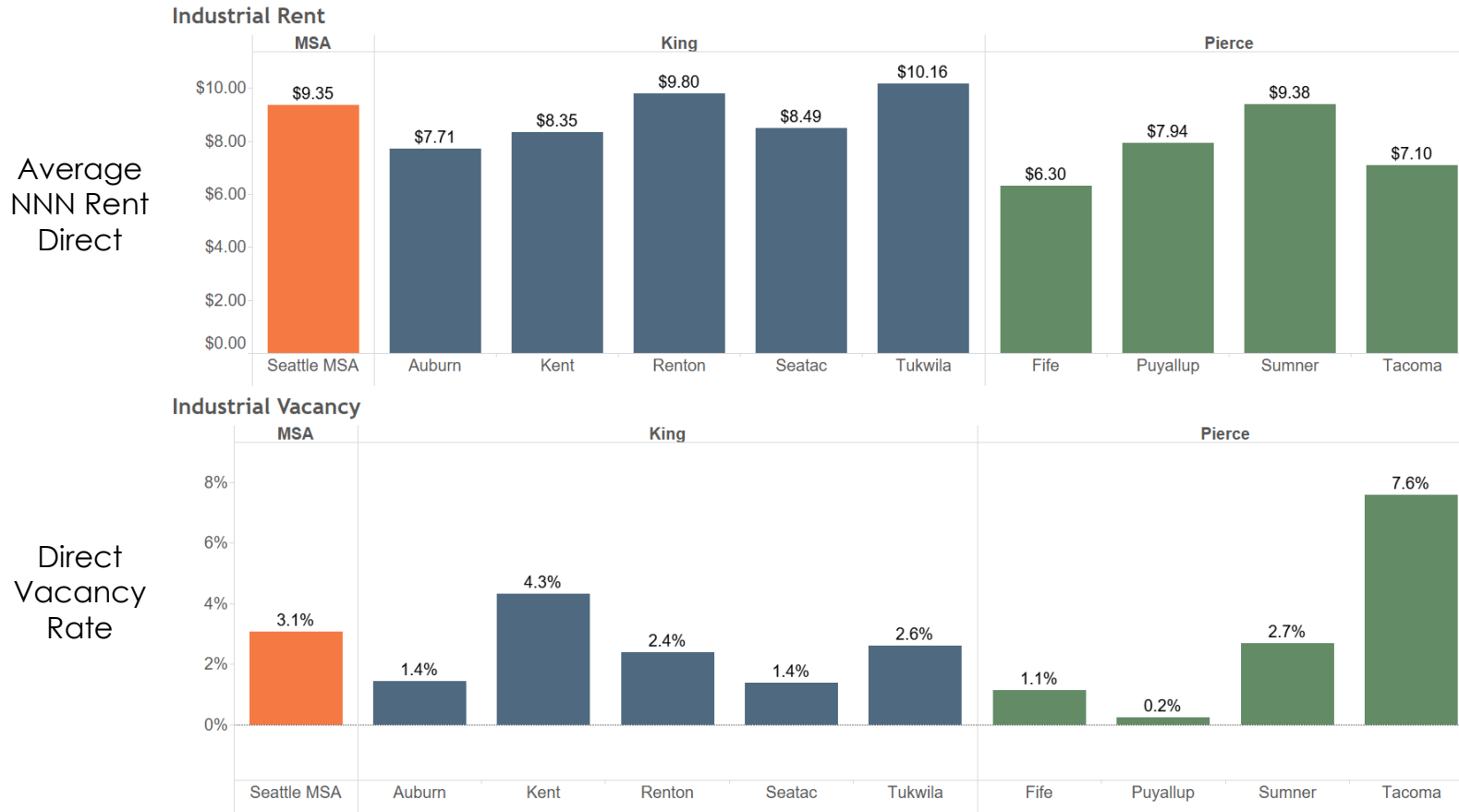
- Increase in rent since 2017 (4.9% increase in Auburn, 20% increase in Market Area)

BARS: Industrial Rent
LABEL: Vacant SF

Vacancy
- +

MARKET ASSESSMENT

Industrial Market Fundamentals Comparison



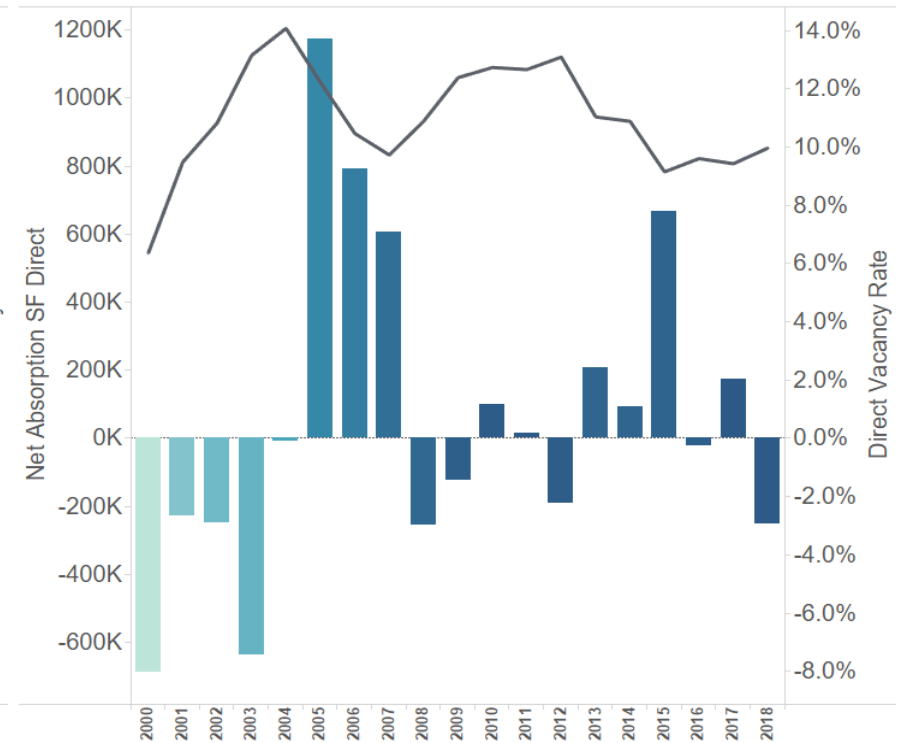
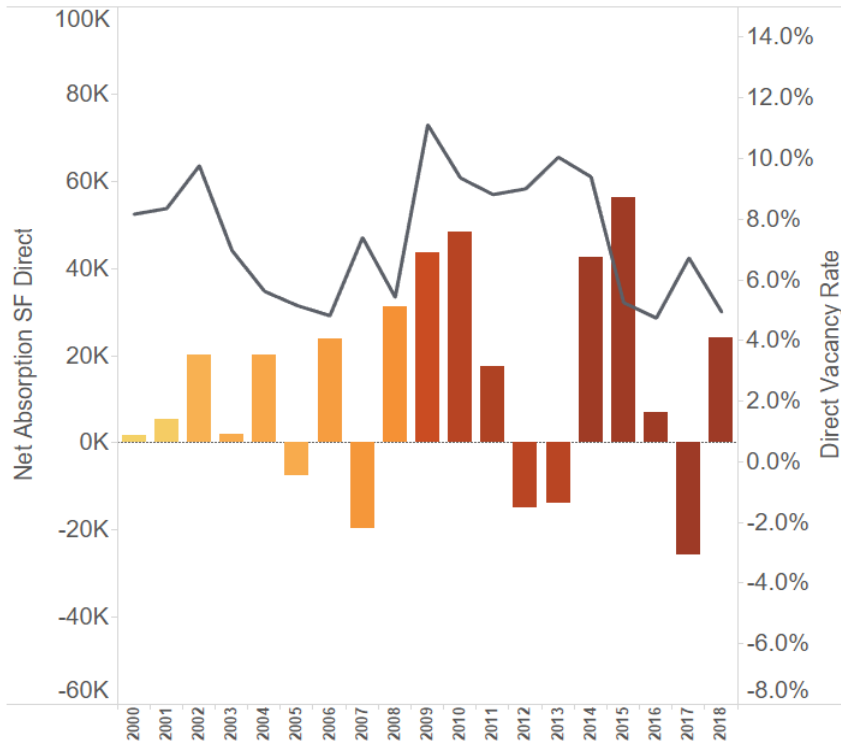
- Lower rent in Auburn compared to peer King County markets
- Very low vacancy compared to peer King County markets

MARKET ASSESSMENT

Office Net Absorption & Vacancy Trends

Auburn

South King/Pierce County (excl. Auburn)



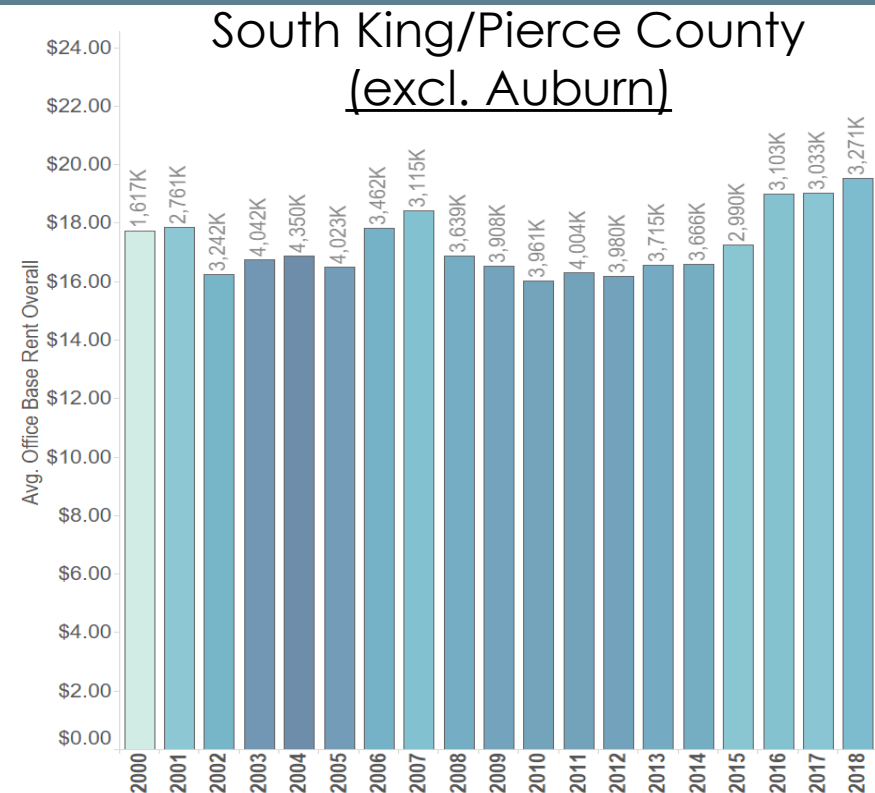
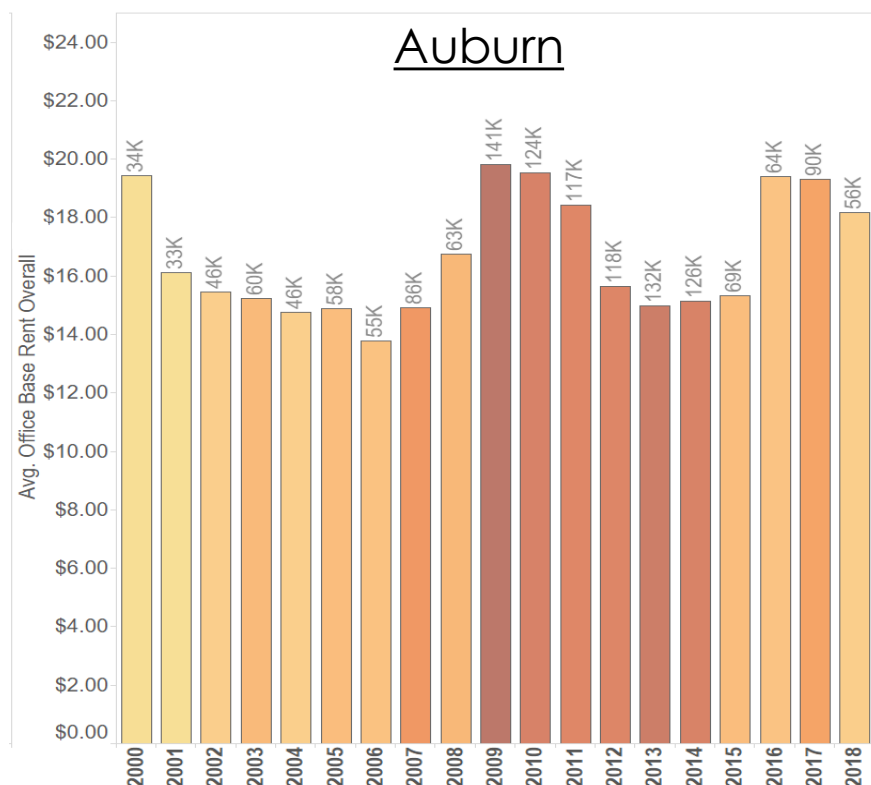
- Steady vacancy rate since 2015 in both Auburn (5%) and in Market Area (10%)

BARS: Net Absorption
LINE: Vacancy Rate



MARKET ASSESSMENT

Office Rental Rate & Vacancy Trends



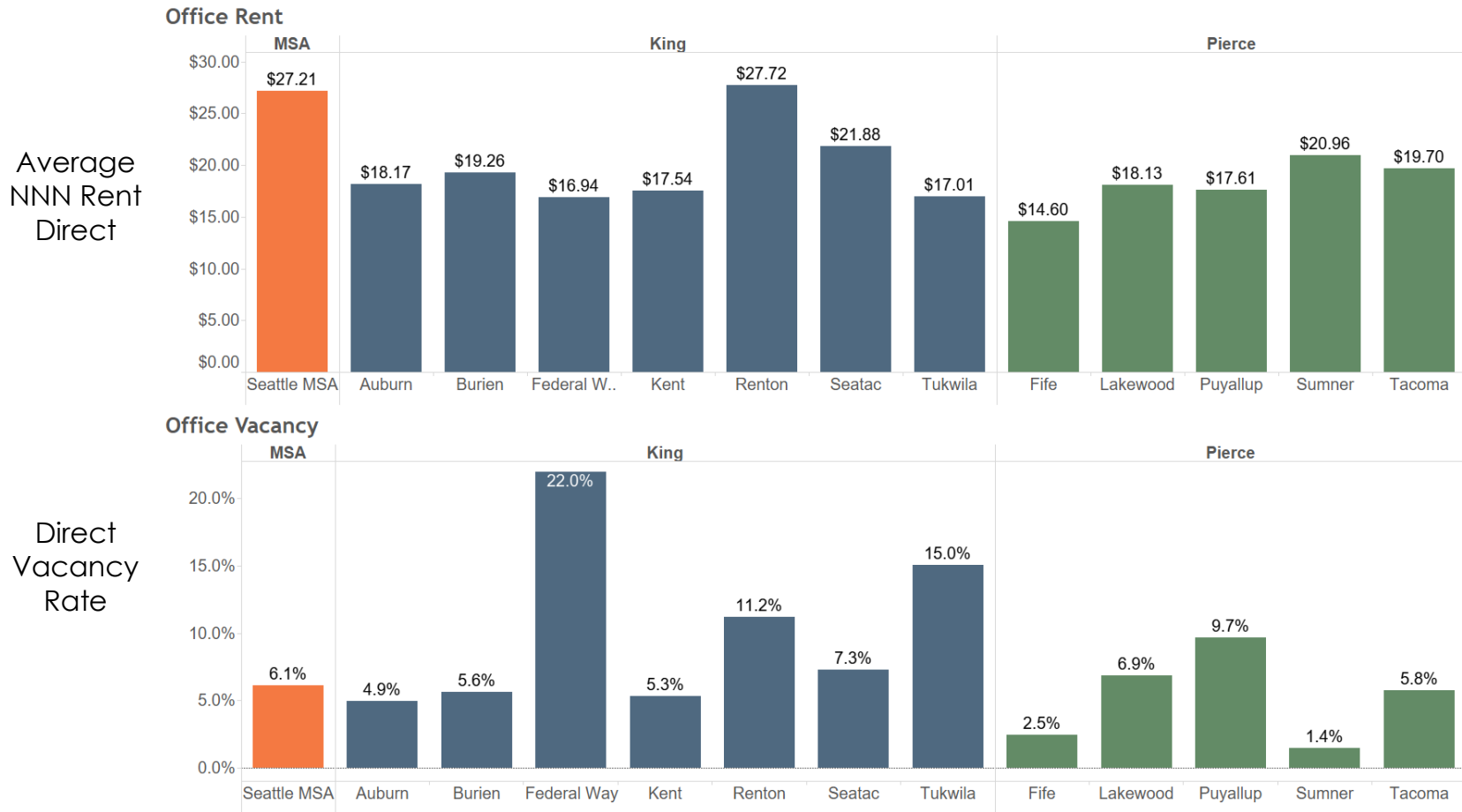
- Slight rent decrease since 2017 (5.6% from \$19.2 to \$18.2) for Auburn

Label = Vacant Available SF



MARKET ASSESSMENT

Office Market Fundamentals Comparison



- Competitive rent for Auburn compared to peer markets
- Low vacancy rate compared to peer King County markets

MARKET CAPACITY

Full Buildout Scenario:

Additional Market and Employment Capacity

| | Office | | Industrial | |
|-------------------------------|------------------|---------------------|-------------------|---------------------|
| | Building SF | Est. Jobs Supported | Building SF | Est. Jobs Supported |
| Pipeline Parcel | 1,611,000 | 6,000 | 36,000 | 25 |
| Ready to Develop | 890,000 | 3,300 | 5,385,000 | 3,800 |
| Likely to Redevelop | 351,000 | 1,300 | 2,194,000 | 1,500 |
| Potential to Redevelop | 768,000 | 2,900 | 3,313,000 | 2,300 |
| Total Net New | 3,620,000 | 13,500 | 10,928,000 | 7,625 |

Assumptions:

1 Office Job/240 SF

1 Industrial Job/1,350SF

2018 Permitted New Construction

| Category | Sq. Ft |
|--------------|----------------|
| Office | 792 |
| Industrial | 261,553* |
| Total | 262,345 |

Major Completed Projects

- *North Auburn Industrial Warehouse (262k SF)
- Lakeland Heated Storage (71k SF)
- DCT Hudson Distribution Center (261 KSF)
- Boeing Operations Readiness Center (71k SF)

MARKET CAPACITY

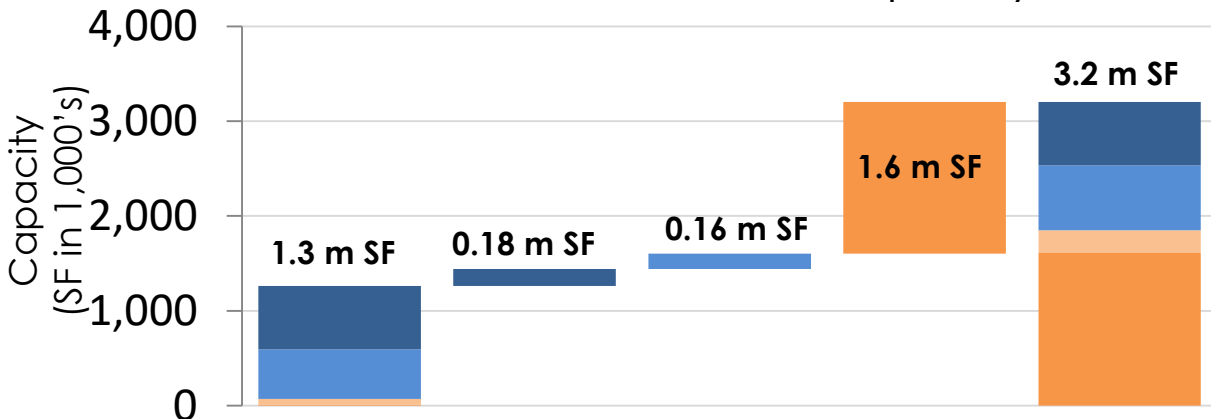
Industrial & Office Development Opportunity Areas



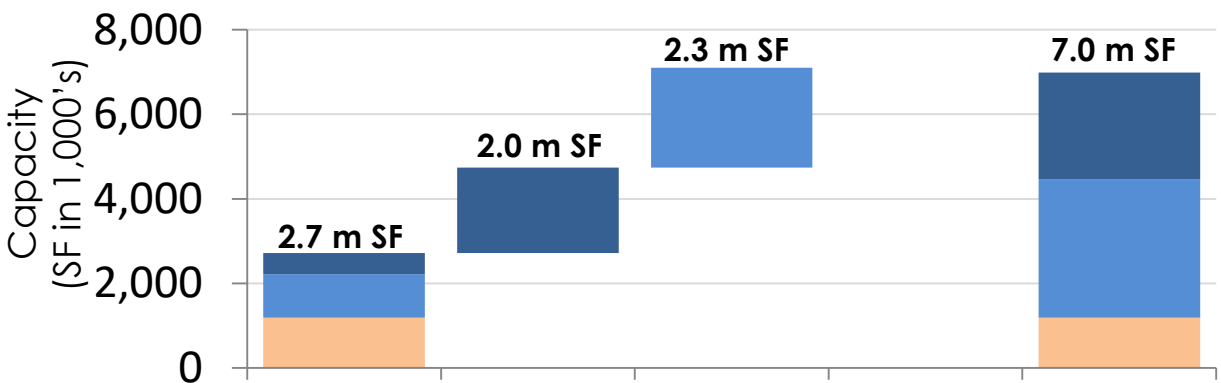
MARKET CAPACITY

| 2025 Office & Industrial Space Demand (sf) | | |
|--|---------|------------|
| | Office | Industrial |
| Employment Projection | 4,592 | 17,582 |
| Employment Increase | 423 | 1,793 |
| Space in Demand | 101,520 | 2,420,550 |

Office Net New Capacity



Industrial Net New Capacity



- Potential to Redevelop
- Ready to Develop
- Likely to Redevelop
- Pipeline Parcel

*Wetland impacted areas were excluded net new capacity calculations.

4

10 YEAR PLAN
PROGRESS/HIGHLIGHTS
AND SCORECARD

OPPORTUNITY AREAS



DELIVERY

A comprehensive service delivery system that actively identifies and advances economic development opportunities in Auburn



PRODUCT

An inventory of sites, a business climate, and a physical environment that foster business growth and ensure a resilient employment base



PLACE

Attractive gateways, impression corridors, and destinations that define the character of Auburn

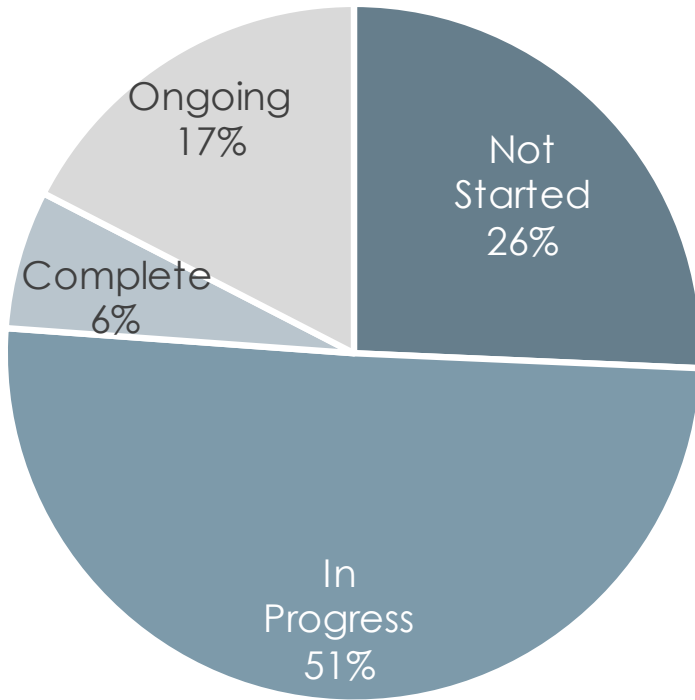


MESSAGING

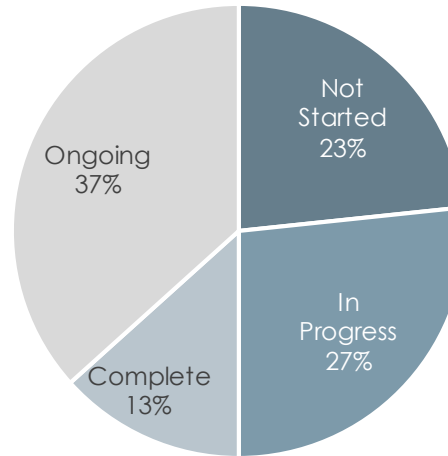
A coordinated marketing and branding campaign that elevates Auburn's reputation among internal and external audiences

IMPLEMENTATION PROGRESS

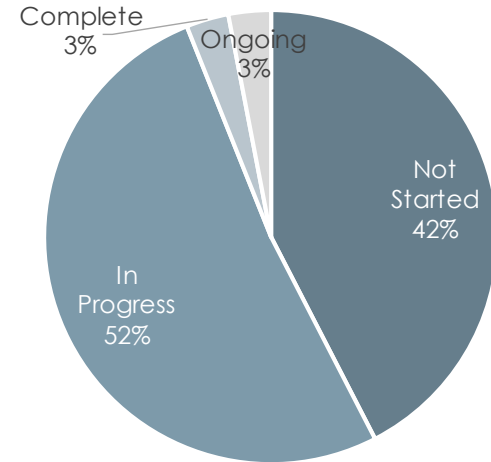
ALL OPPORTUNITIES



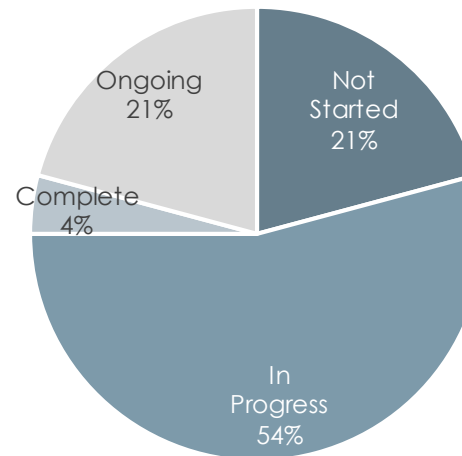
1: DELIVERY



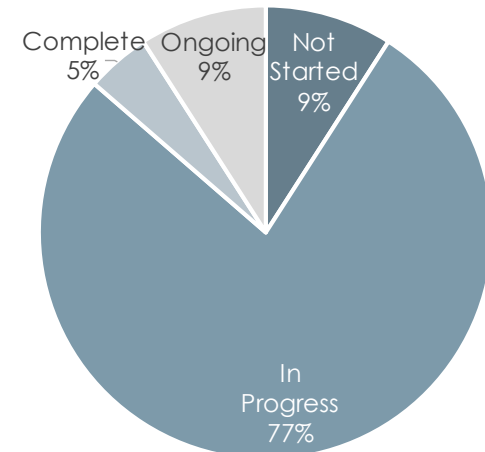
2: PRODUCT



3: PLACE



4: MESSAGING



Note: Original categories (Not Started, In progress, and Complete) were expanded to include "Ongoing" status in order to better reflect the nature of some plan activities.

DELIVERY

A comprehensive service delivery system that actively identifies and advances economic development opportunities in Auburn

- Hired Economic Development Officer
- Entrepreneurship
 - Continued Year 2 Incubator Operations
 - Contracted SBDC for 10 Business Classes
- Mayor Business Visits scheduled every 3 weeks
- Regional Organizations:
 - Supported Regional EDC reorganization into GSP
 - Deepened Pierce County EDB Relationship
- Expanded business participation in weekly networking
- CTE Forum with Businesses & Schools

PRODUCT

An inventory of sites, a business climate, and a physical environment that foster business growth and ensure a resilient employment base

- Commercially zoned land analysis (Heartland)
- Continued coordination with GSA during ongoing surplus/land disposal process
- Continued facilitation of developer attraction to RPG property
- Business License Permitting dashboard to increase efficiency
- Reinvigorated BIA, ADA

PLACE

Attractive gateways, impression corridors, and destinations that define the character of Auburn

- Identified Sound Transit parking garage location
- Revised BIA ratepayer types (exemption rules)
- Assisted A Little Knitty & Rail Hopin DUC relocation
- Assisted Relocation of Heritage Fire affected businesses

MESSAGING

A coordinated marketing and branding campaign that elevates Auburn's reputation among internal and external audiences

- Developed marketing strategy based on extensive regional A/B testing
- Updated “Doing Business in Auburn” Resource Guide
- I-5 Corridor “Create Your Own Adventure” campaign
- Digital Marketing & Audience targeting for multiple business forums
- Multiple FAM trips & Hotel Concierge trainings

RESULTS

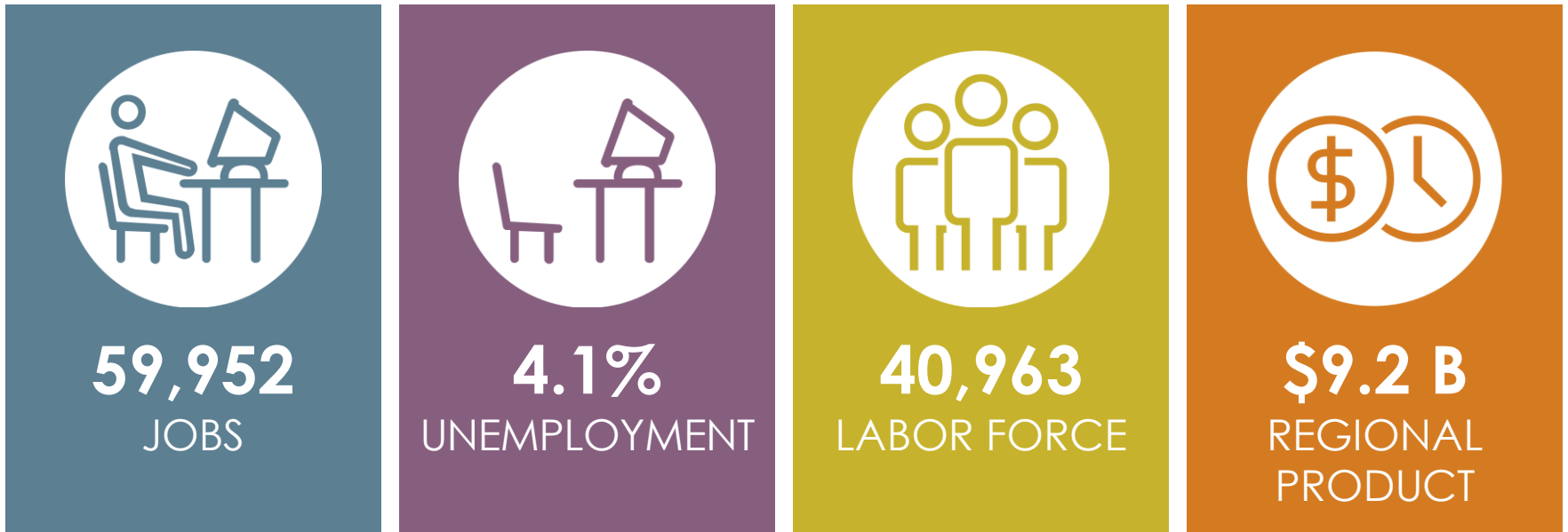
- Community organizations are functioning again: BIA, ADA, Tourism Board, LTAC
- Deepened SBDC relationship resulting in education opportunities for 450 RSVP'd business class attendees
- New infill /construction resulting in 380k+ sft.: Ingalinas, Bio Impact, Panatone, Laser Cut NW, Space Flight, Cascade Gasket and double digit job creation.
- Downtown
 - 2 residential projects – 400+ units
 - New restaurants and stores
- 300+ new hotel rooms planned

PRIORITIES FOR 2019

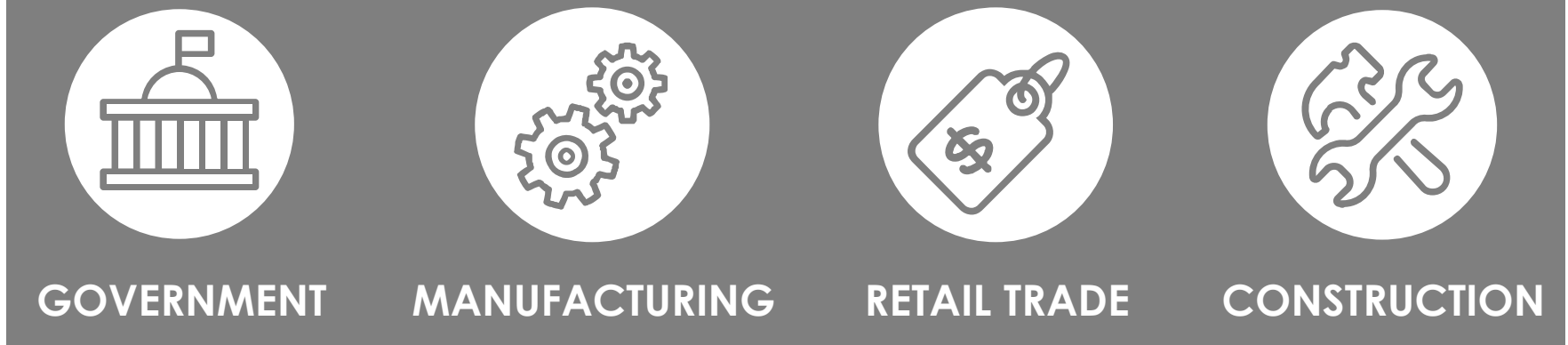
- Begin Auburn Way South revitalization work
- Increase business retention & expansion through:
 - More personalized business interaction (direct email, newsletters, in person)
 - Broadening the Buy Local program (in store decals, publishing business interest stories, small business Saturday events, awareness of sales tax revenue as related to city improvements)
 - Industry cluster focus groups & surveys

AUBURN ECONOMIC DASHBOARD

2018



TOP INDUSTRIES BY EMPLOYMENT:



Source: Emsi 2019.1 – QCEW Employees, Non-QCEW Employees, and Self-Employed, US Bureau of Labor Statistics.

Note: Industries by 2-digit NAICS code ranking. Emsi figures represent the sum of the following ZIP codes: 98001, 98002, 98071, 98092.

AUBURN ECONOMIC DASHBOARD

2018



+15.7%

JOB GROWTH
2013-2018



4.1%

UNEMPLOYMENT



40,963

LABOR FORCE



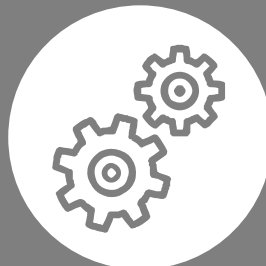
\$9.2 B

REGIONAL
PRODUCT

TOP INDUSTRIES BY EMPLOYMENT:



GOVERNMENT



MANUFACTURING



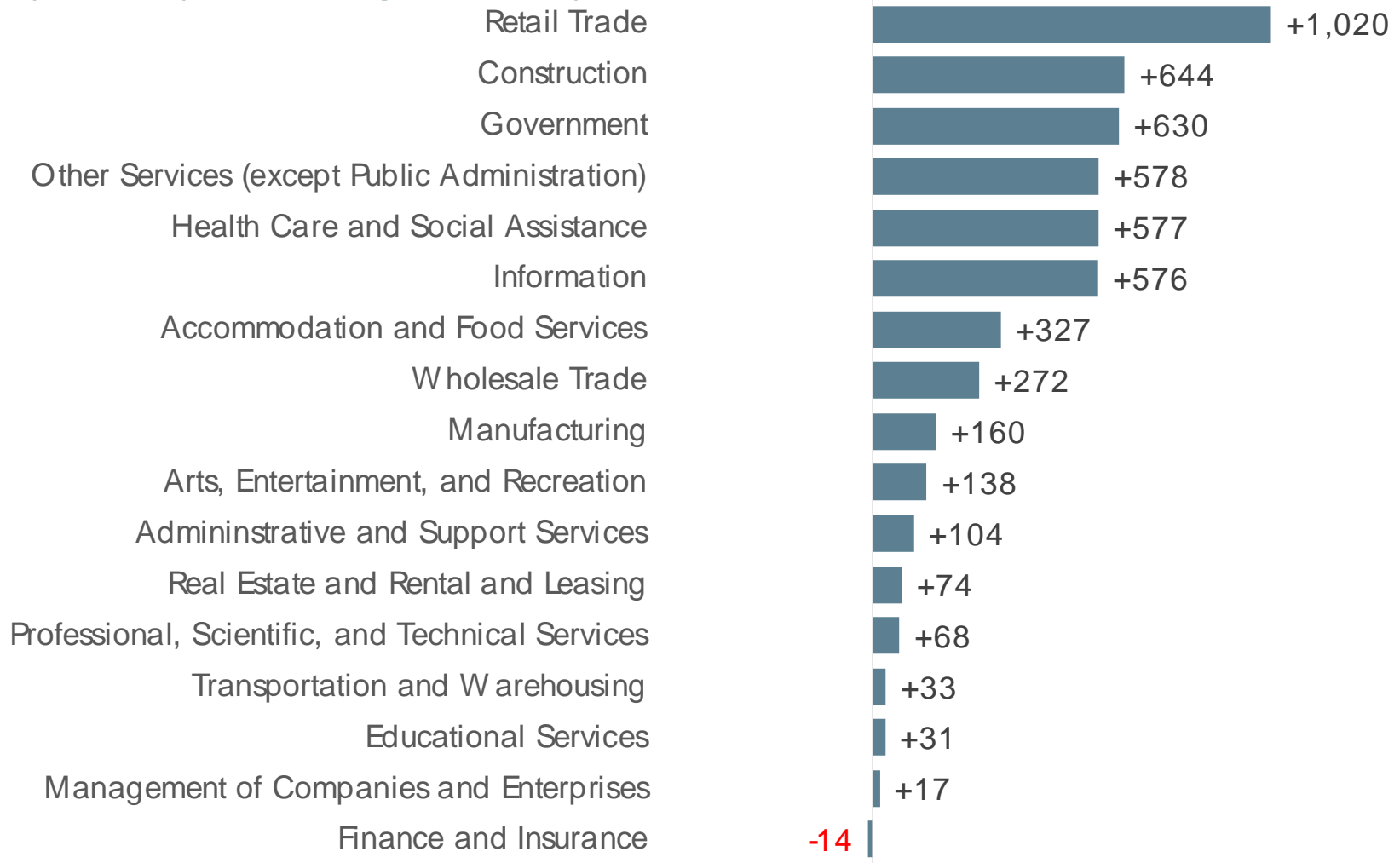
RETAIL TRADE



CONSTRUCTION

EXPECTED INDUSTRY GROWTH (CITY OF AUBURN)

Projected job change by major sector, 2018-2023



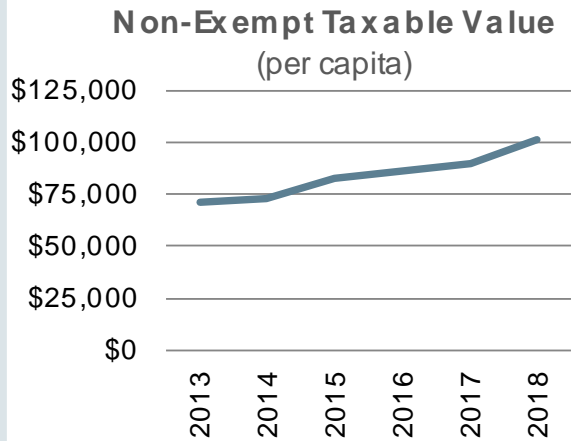
Source: Emsi 2019.1 – QCEW Employees, Non-QCEW Employees, and Self-Employed. City of Auburn defined as 98001, 98002, 98071, 98092 ZIP codes. Excludes sectors with fewer than 100 jobs in 2018 (i.e., Agriculture; Mining, Quarrying, and O&G; Utilities; and unclassified employment).

PERFORMANCE: TAX BASE

Property Tax Base



The tax base has grown steadily since 2013.

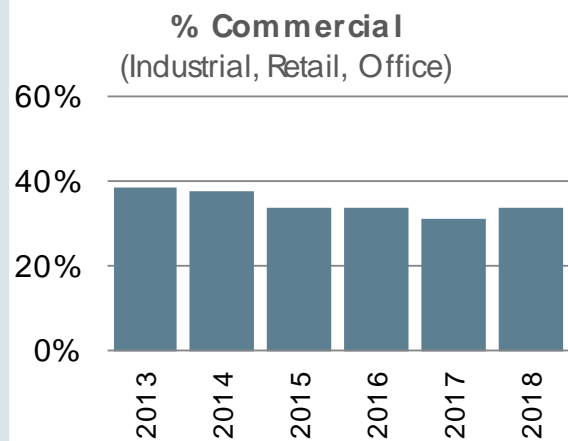


Source: King County Tax Assessor

Commercial Tax Base



The share of the commercial tax base is below 2013 peak.

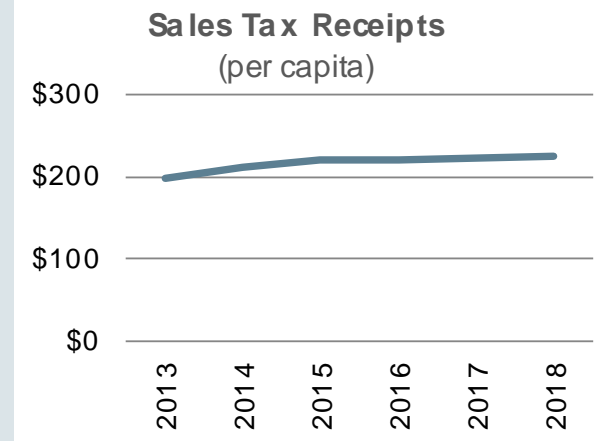


Source: King County Tax Assessor

Retail Sales



Retail sales tax receipts per capita have remained steady.



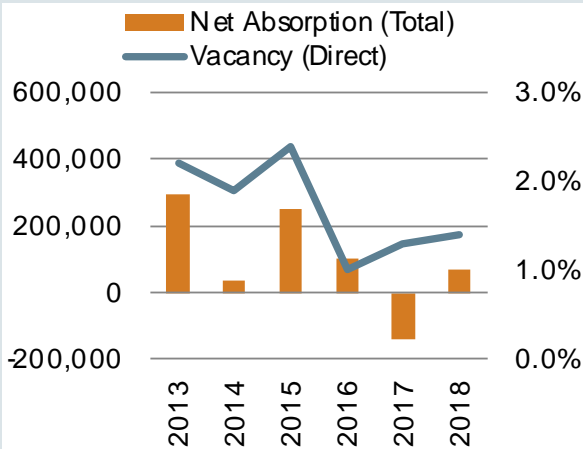
Source: City of Auburn

- 2018 property tax base grew by 12% from prior year
 - Commercial values rose by 46% (vs -26% decline 2016-2017), but remain a smaller share of the total compared to 2013.
 - Residential property value declined by -4%, following dramatic increase (38%) between 2016-2017.
- Retail sales increased by 4% (same as 2016-2017 period)

PERFORMANCE: MARKET DATA

Industrial Market

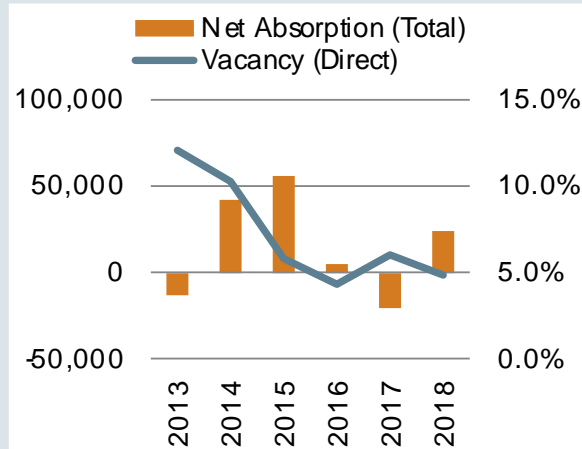
The vacancy rate rose slightly with recent (2017) negative net absorption.



Source: CoStar (via Heartland)

Office Market

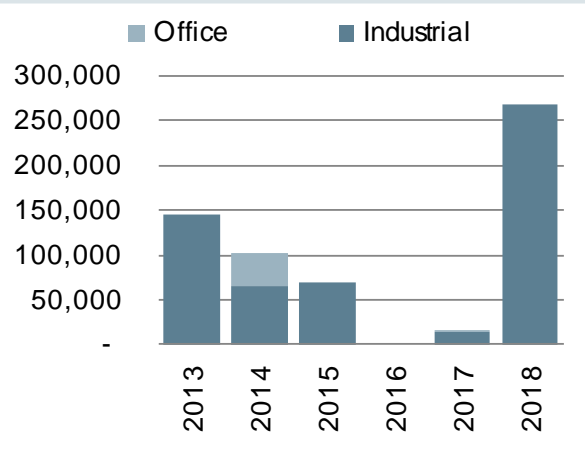
Vacancy rates have hovered near 5% in recent years.



Source: CoStar (via Heartland)

New Space Delivery

2018 saw a dramatic addition of new industrial space.



Source: CoStar (via Heartland)

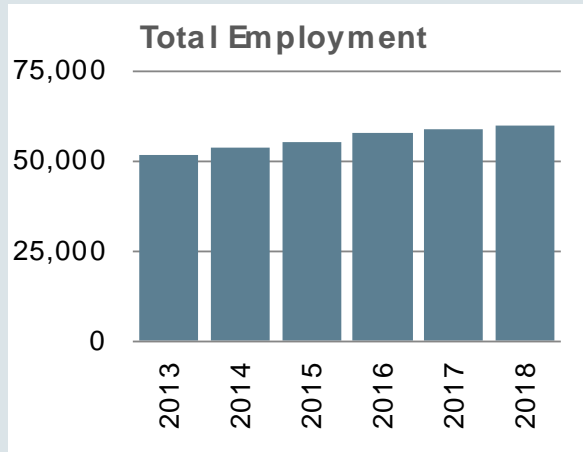
- Vacancy rates for office and industrial remain low.
- Absorption rates have fluctuated during the period.
- Following several years of little to no change, more than ¼ million square feet of industrial space was delivered in 2018.

PERFORMANCE: ECONOMIC OPPORTUNITY

Employment



The number of jobs in the City has continued to grow.

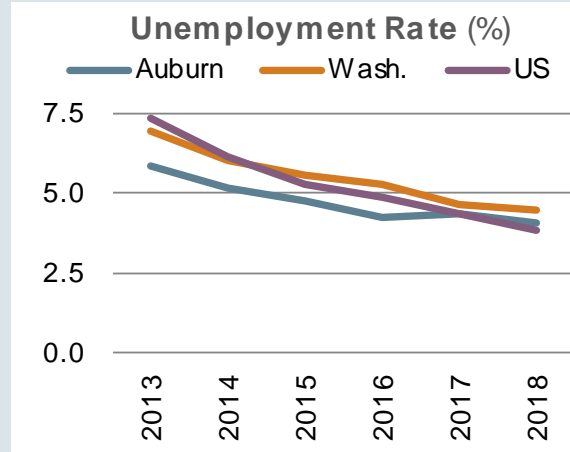


Source: EMSI

Unemployment



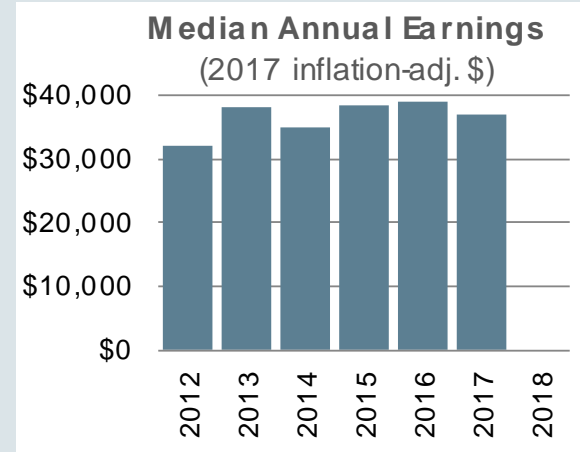
The region's unemployment rate remains much lower than in 2013.



Source: Bureau of Labor Statistics

Earnings

Inflation-adj. earnings have changed little in recent years.



Source: American Community Survey

- Job growth has been steady, rising at an annual rate of 3.0% since 2013, double the US rate (1.5%) over the same period.
- Average unemployment rates in 2018 remained near 4%; comparable to the US and lower than state average.
- Annual earnings (when adjusted for inflation) declined slightly in 2017



QUESTIONS

THANK YOU



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