

**CITY COUNCIL AGENDA TOPIC**

2025 Economic Development Plan data analysis & community engagement progress report.

Emil A. King AICP, Director, 452-7223

Jesse R. Canedo, Chief Economic Development Officer, 452-5236

Corbin Hart, Business Development Manager, 452-5241

*Community Development Department*

**EXECUTIVE SUMMARY****INFORMATION  
ONLY**

This is a progress report on Bellevue's 2025 Economic Development Plan update covering findings from the project's data analysis, community engagement activities, and the recommended strategic framework.

**RECOMMENDATION**

N/A

**BACKGROUND/ANALYSIS**

In December 2024, Council directed staff to initiate an update to the City's Economic Development Plan which was last updated in 2020. Council approved the following Guiding Principles to set the direction of the update:

1. Strengthen economic diversity and resilience by retaining existing businesses, promoting innovation and expanding new industries.
2. Support the success of Bellevue's small businesses and future entrepreneurs, with a focus on those of diverse backgrounds and minimizing displacement.
3. Scale and sustain enhanced services by leveraging partnerships and new implementation tools.
4. Position the Creative Economy, inclusive of arts, cultural and new creative industries, as a key driver of Bellevue's economy.
5. Strengthen Bellevue's workforce to meet future industry demands and provide access to opportunity for all.
6. Elevate Bellevue's districts and public spaces to foster unique identities, ensuring that they are welcoming to residents, workers, and visitors.
7. Highlight Bellevue's culture, world-class amenities, and natural environment to advance its status as a premier tourist destination.

Staff provided a written progress report on May 13 covering the hiring of Ernst & Young (EY) as the project consultant and community engagement plans. Tonight, staff will present results of the data analysis and community engagement, as well as the recommended strategic framework for the 2026 Plan. Presentations this fall will cover direct strategies, actions and implementation. More information is included in Attachment A - "Data Analysis and Community Engagement Report".

## Data Analysis

The data analysis scope of work includes an update of the 2020 Plan's data appendix, updated peer cities, and additional detailed analysis of the Eastgate and Factoria districts to inform upcoming Neighborhood Area Planning in those areas.

By benchmarking Bellevue against five peer cities (Cambridge, MA, Sunnyvale, CA, Arlington, VA, Plano, TX, and Irvine, CA), staff gained understanding of not only Bellevue's strengths but also opportunities for growth. Overall, Bellevue's performance mirrors that of strong "second cities" across the country. This data is being used to inform the draft strategies Council will review in upcoming presentations.

Metric	Bellevue Measure
2024 Gross Regional Product	\$55B
2019 – 2023 Employment Growth	.83 percent
Median Household Income	\$158,000 (+39 percent from 2018)
Annual Retail Sales (2024)	\$10.4B
Annual Visitors	2.2M (2024)

Highlights of the data analysis include:

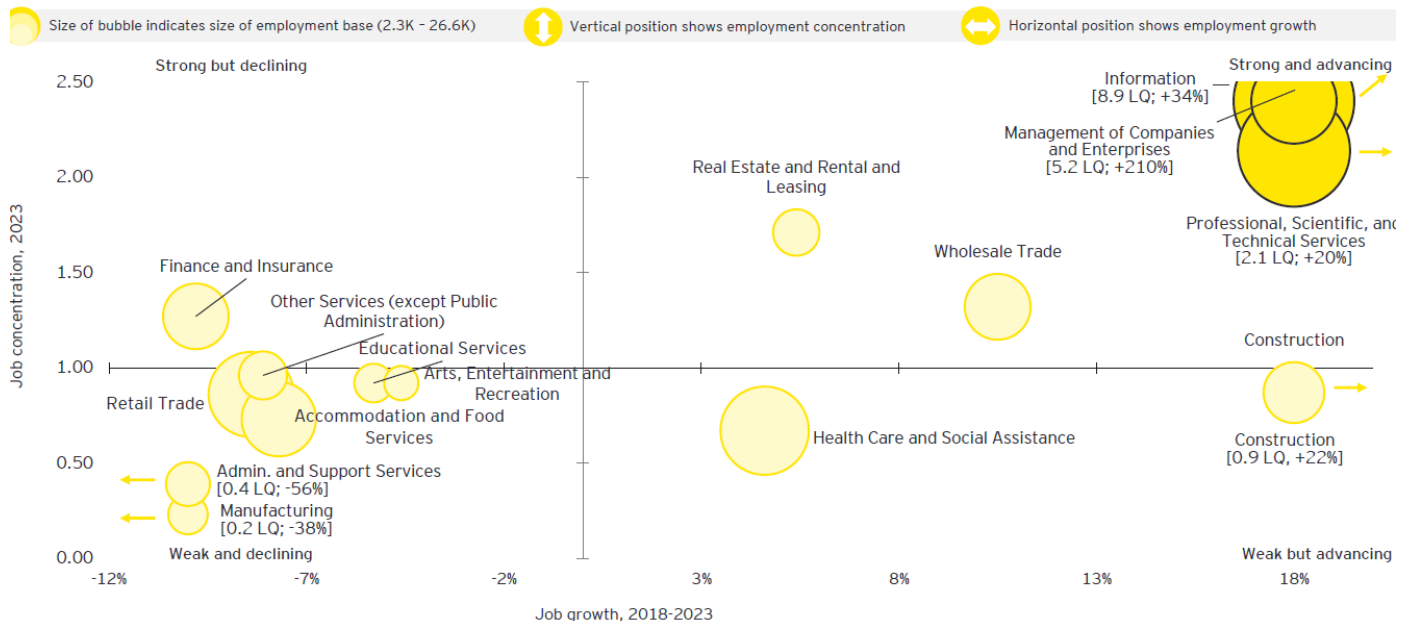
- Employment increased **0.83 percent** from 2019 to 2023. In that timeframe, total employment went as low as 143,909 in 2020 to as high as 154,433 in 2023.
- Bellevue's median household income increased **39%** from 2018 – 2023, faster than any of Bellevue's peer cities.
- The Creative Economy, which includes software development, remains a key driver of the economy, contributing to an estimated **37 percent** of Bellevue's gross regional product.
- Bellevue's workforce remains one of the highest educated ones in the nation, only behind two peer cities (Cambridge, MA and Arlington, VA).
- Tourism tax revenues have almost reached 2019 levels (**\$12.4M**), but growth in tourism-related retail sales has trailed most other cities in King County, leaving room for growth.
- Downtown Bellevue has seen rapid development adding **4.3M** square feet of office space and has been generally successful in attracting office tenants, but without intervention the I-90 Corridor (Eastgate and Factoria) will continue to struggle with record levels of vacancy (**42 percent**).
- To reach Bellevue's Comprehensive Plan's goal of adding 70,000 jobs by 2044, job growth would have to average **1.7 percent** annually from 2023 to 2044. The average job growth rate in 2019-2023 was **0.83 percent** annually, with particularly strong growth in high-value industries – Information, Professional Services, and Management of Companies and Headquarters.

Draft strategies will address opportunities and manage risks as the City's economy grows. These include strategies to support Bellevue's small businesses, diversify its industry base, increase cultural offerings and other strategies.

The Industry Cluster "bubble chart" (Figure 1) below provides an examination of industry trends and job composition in Bellevue. The horizontal axis displays employment growth of each industry from 2018 to

2023; the vertical axis shows the employment concentration; and the size of each bubble indicates the number of local jobs in the industry.

Figure 1 – Industry Cluster Bubble Chart



Overall, Bellevue has seen growth in certain high-income sectors over the past five years but also faces new challenges as a result of strong growth and changing global economic patterns. Of specific note, Bellevue's growth industries are ones that are projected to grow in employment nationwide in the coming years.

### **Community Engagement**

The community engagement scope of work to date has utilized a strategy that integrated feedback from ongoing City programs including small business walks, the business retention and expansion program, public space activation work, arts grants and other programs to the Plan that was supplemented with targeted interviews and focus groups.

Specific to the Plan update, EY held five focus groups and 25 interviews consisting of local businesses, community stakeholders, organizations, and industry experts. Focus groups were held in the following topic areas:

- Small Business
- Tourism
- District Development
- Eastgate
- Creative Economy

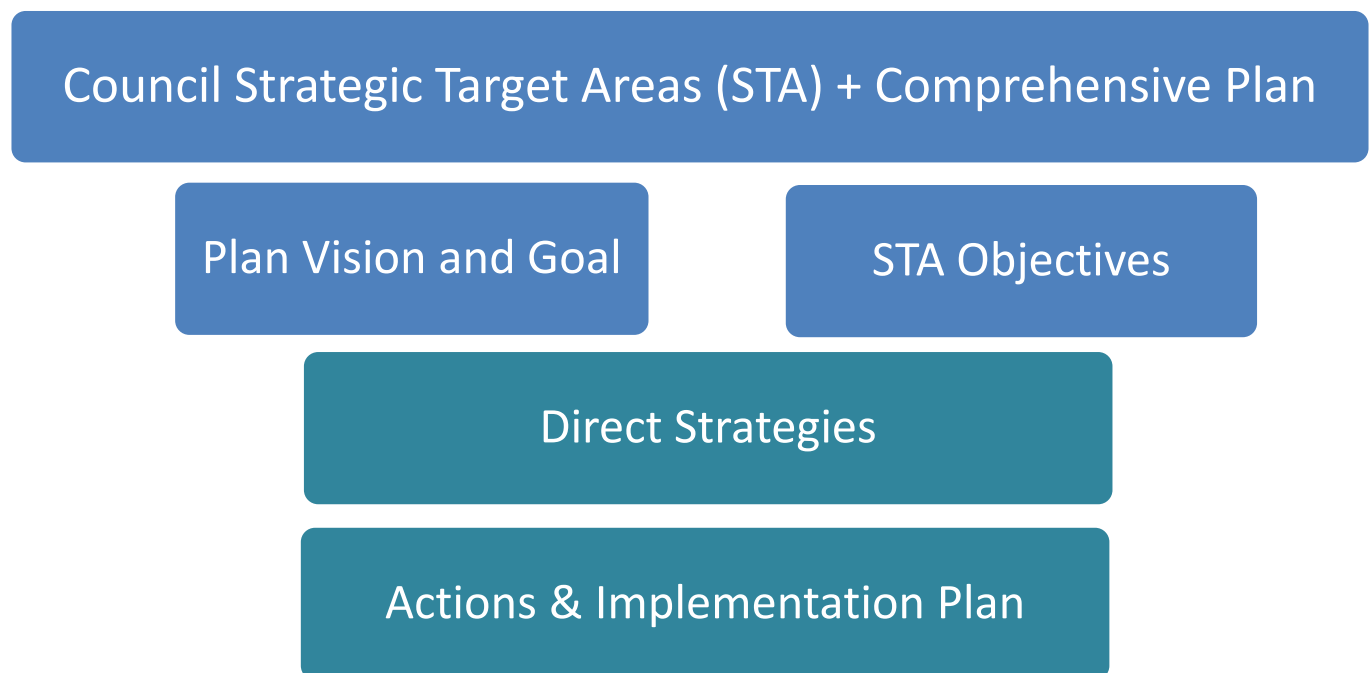
In total, 416 businesses and community stakeholders were touched in this process so far. Positive indicators and competitive advantages highlighted by stakeholders included Bellevue's high quality of

life, economic resilience and growth potential and strategic location and accessibility. Quality of life in specific spanned multiple topic areas from Bellevue's school system, its level of safety, parks system, and many other factors that contribute to overall quality of life. Stakeholders highlighted Bellevue's cost of living, cost of doing business, permitting barriers, traffic congestion and transit connectivity as challenges that may slow growth in Bellevue. Some small businesses mentioned the financial cost of delayed permitting as having an outsized impact on their ability to open and expand.

Stakeholders saw Bellevue as being well positioned to take advantage of many different opportunities. This included themes of economic growth in the life sciences, artificial intelligence (AI), and cloud computing sectors. Also mentioned was growth in the arts and cultural sectors, from large institutions to smaller scale organizations to benefit residents, but also the area's tourism industry. This also included continued efforts to support Bellevue's public spaces, both through events but also the built environment. Finally, continued investment and stewardship of the foundational elements of the economy including infrastructure, public safety and responsive City services was frequently mentioned as a factor that will benefit Bellevue's economy.

### **Strategic Framework**

Since the kickoff of the plan update, staff has worked to develop a strategic framework for the plan that integrates recent work in updating both the City's Comprehensive Plan and Council's Strategic Target Areas (STAs).



Under this new framework, the Comprehensive Plan's Vision & Goal for the Economic Development Element is recommended as the Vision and Goal for the Economic Development Plan. Additionally, Council's STA Objectives have been adopted in place of the previous plan's "Foundational" strategies.

This structure has multiple benefits, including:

- Clear alignment and nesting with prior adopted Council Policy and Objectives

- Maintains recognition of and focus on the foundational elements of Economic Development such as housing, infrastructure and safety
- Improves flexibility to adjust plan actions based on changing conditions

The “Vibrant Economy” STA Objectives are recommended to serve as the core objectives our direct strategies will be nested under. These objectives are as follows:

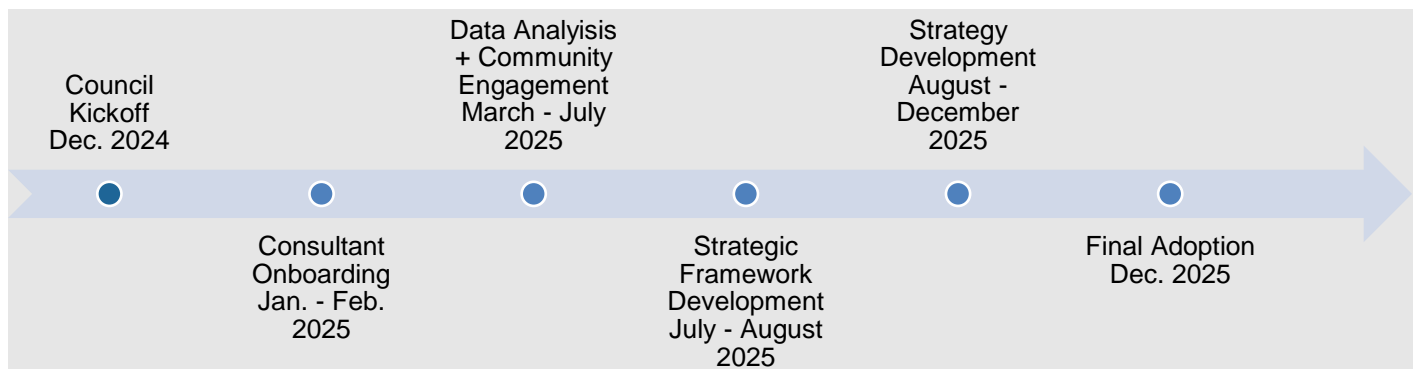
- **2.1** Maintain and grow a diverse, thriving economy that can better withstand fluctuating regional, national and global conditions.
- **2.2** Support large and small businesses, including women/veteran/minority owned businesses, by providing the resources and regulations that businesses need to start, stay, grow and thrive in Bellevue.
- **2.3** Identify and strategically implement financial mechanisms to spur/initiate growth in public and private investment.
- **2.4** Identify and enhance workforce development partnerships and efforts and actively serve as a conduit to residents, businesses and resource partners to attract, retain and engage a talented workforce of various ages, skill sets and backgrounds to support a diverse, inclusive and growing economy.
- **2.5** Strategically invest in services and systems that support residents, entrepreneurs, workers and learners from historically marginalized communities, ensuring they have access to resources and opportunities that enable them to achieve their economic potential.
- **2.6** Build up Bellevue’s arts providers’ organizational capacity to increase the breadth and depth of artistic and entertainment offerings for Bellevue’s residents and visitors.

Objectives from the other five Strategic Target Areas will be integrated where relevant. For example, Objective 4.4 “Create iconic destinations and vibrant spaces” has alignment with work related to the Creative Economy and Tourism guiding principles.

These objectives provide the foundation for our direct strategies and actions. Staff will return with draft strategies this fall, followed by another meeting where the full plan will be presented including the implementation plan attachment.

### **Looking Ahead**

Tonight’s progress report provides an update on the first half of work updating Bellevue’s Economic Development Plan. Upcoming presentations will focus on the Plan’s direct strategies and implementation plan, with the goal of delivery of a recommended plan for adoption later this year.



## POLICY & FISCAL IMPACTS

### Policy Impact

The Economic Development Plan is a functional plan that implements the approved policies in the “Vibrant Economy” Council Strategic Target Area and the Economic Development Element of the Comprehensive Plan.

### Fiscal Impact

Any fiscal impacts of the plan update will be addressed in the City’s biennial budget process.

## OPTIONS

N/A

## ATTACHMENTS

A. Data Analysis and Community Engagement Report

## AVAILABLE IN COUNCIL LIBRARY

2020 Economic Development Plan