

City of Bellevue, WA

Data analysis and community engagement report

Prepared by
EY Economic Development Advisory Services

June 2025



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Appendix: Supplemental research and data (separate document)

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Introduction

In April 2025, the City of Bellevue hired Ernst & Young LLP (EY) to assist with updating its Economic Development Plan to better align with the current state of Bellevue's economy and incorporate new job growth targets from the City's Comprehensive Plan. As Bellevue navigates the evolving economic landscape, it is crucial to gather input from stakeholders and understand how emerging trends will influence the direction of the update to the Economic Development Plan.

This report serves as a preliminary summary of findings from the data analysis and community engagement conducted as part of the strategic planning process. These findings provide context for internal consideration while updating objectives and strategies in the economic development plan in the coming months.

This document is intended as an internal resource to facilitate discussions among the City and stakeholders regarding the strategic direction for Bellevue's economic development future. By synthesizing key findings and insights, the report aims to inform decision-making and highlight areas of focus that will be critical for the city's growth and development. The information presented here will serve as a foundation for understanding the current challenges and opportunities facing Bellevue, help create an updated plan that is responsive to the needs of the community, and act as a springboard for planning and decision-making as the priorities are further refined, strategies developed, and tactics discussed.

Below is an overview of the contents included in this report:

- **Executive summary and key takeaways** - A brief overview of how Bellevue has changed over the last five years, accompanied by key statistics and key takeaways from the research, data analysis, and community engagement.
- **Data Analysis and Competitive Benchmarking** - A quantitative economic analysis of Bellevue relative to five benchmark communities, along with an examination of its prominent industries and sectors.
- **Real Estate Analysis** - An overview of the office and retail real estate markets in Bellevue, focusing on the Eastgate and Factoria neighborhoods as part of the I-90 submarket.
- **Stakeholder Engagement Summary** - A summary of stakeholder sentiments organized around shared themes that emerged through the strategic planning process.
- **SWOT Analysis** - A Strengths, Weaknesses, Opportunities, and Threats assessment based on the aggregated information and input gathered from research and stakeholder engagement.
- **Strategic Priorities and Considerations** - A description of potential priorities and opportunities that have surfaced during the strategic planning process.
- **Appendix** - Supplemental research and data collected for the project have been prepared as part of a separate document.



Executive summary and key takeaways

Executive summary and key takeaways

Over the past five years, Bellevue has transformed significantly, driven partially by the arrival of large new employers downtown. This caps decades of robust employment growth that established the City as the second largest jobs hub in Washington state. In response to these trends and local capacity for continued economic growth, the city has ambitious job targets that they developed in partnership with the Puget Sound Regional Council.

In many ways, the City is well-positioned to support these goals. The new light rail enhances the City's already strong regional connectivity and creates new opportunities for business and talent development. Coupled with a desirable quality of life, a business-friendly environment, a diverse economy, and a skilled workforce, Bellevue is well-positioned to attract businesses, residents, and visitors.

However, Bellevue faces challenges related to its growth and desirability. Rising housing and commercial property costs, increased traffic congestion, and perceptions of burdensome regulations (especially for small businesses) pose significant hurdles. Being landlocked also limits new housing and commercial development, necessitating creative approaches to redevelopment and density.

Residents, businesses, and leaders also advocate for the expansion of unique small businesses, parks, and cultural and entertainment options. The rising cost of doing business complicates these ambitions, which also play an important role in expanding visitation to the City.

As Bellevue looks to the future, it should focus on efforts to maintain its reputation as a clean, safe, family-friendly, and prosperous community while actively attracting and supporting businesses of all sizes. This will likely require strategies to accelerate redevelopment in commercial areas while preserving the character of residential neighborhoods and enhancing amenities and entertainment options.



Photo credit: G. Lopez

Growth has been strong in Bellevue over the past five years

Bellevue has continued to grow over the past five years: adding residents, jobs, housing units, and wealth. There is momentum in the community and optimism for the future from residents and leadership to build on its diverse industry base.

Population

- ▶ The City of Bellevue added about 2,900 residents over the past five years, growing about 1.9%. That growth rate is fourth fastest among the benchmark communities and about half as fast as the Seattle MSA.
- ▶ That growth was partially bolstered by international migration. Bellevue added the second most international residents per capita in 2023 among the benchmark communities.

Housing units

- ▶ To support this population growth, Bellevue added about 5,600 housing units from 2018-2023. All of the net growth was due to townhome and multifamily developments rather than single-family housing.
- ▶ Housing units growing faster than the population was likely because of several factors including that households became smaller over the 5-year period resulting in residents being spread out among more units, and there was a slight increase in the vacancy rate.

Employment

- ▶ Bellevue added jobs between 2018-2023, strengthened by high-value sectors like Information, Professional Services, and Headquarters and Corporate operations.
- ▶ In total, the City added about 12,100 jobs from 2018-2023, growing by about 8.6%. This growth rate far exceeds the population growth and speaks to Bellevue's role as an employment center on the East Side and in the Puget Sound.

Income

- ▶ From 2018-2023, median household income increased by about 39%, faster than all benchmark communities and the Seattle MSA.
- ▶ This increase could be from new high-income residents moving into Bellevue due to its strong reputation and highly-rated schools as well as existing residents increasing their earnings due to growth in high-value sectors that often provide high-paying jobs.



But growth has been uneven and has exacerbated affordability challenges

Bellevue also faces new challenges as a result of strong growth and changing global economic patterns following the COVID-19 pandemic: notably, the rise in remote and hybrid work shifting office utilization patterns.

Home values

- ▶ The desirability of living in Bellevue has created additional challenges in affordability. The typical home value increased by about \$598,000 between 2020 and 2025.
- ▶ The 61% growth rate is second only to Irvine, CA among the benchmark communities and is greater than the 42% growth rate in the Seattle MSA.
- ▶ The home prices in Bellevue make it difficult for the workforce who would like to purchase a home in Bellevue, including some workers in high-paying industries like technology.

Office vacancy

- ▶ While downtown Bellevue has seen rapid development and has been generally successful in attracting office tenants, other areas of the City have challenges with office vacancy.
- ▶ The I-90 corridor, which includes Eastgate and Factoria, has seen large increases in vacancy over the past few years. Office vacancy is at about 40% with vacancies expected to continue without intervention along the I-90 corridor.
- ▶ The changes in how firms are using office space has caused significant disruption in the market in Bellevue and across the country.

Workforce challenges in lower-wage industries

- ▶ Housing affordability challenges can make it difficult to find workers in industries that provide lower wage positions.
- ▶ Artists make much less than some other workers in the creative economy, creating challenges to live and work in Bellevue.
- ▶ Rising affordability challenges also affects commercial space which is challenging for small businesses and some industries in the creative economy.



A blue pen with a silver tip is positioned diagonally across the page. The background is a document featuring a bar chart with several blue bars of varying heights. A dark grey semi-transparent banner is overlaid across the middle of the page, containing the title text. The overall color palette is dominated by blues and greys.

Data Analysis and Competitive Benchmarking

Benchmarking overview

The data presented provides a wide examination of Bellevue's economic and community dynamics, showcasing key indicators such as population growth, employment trends, housing market conditions, and overall economic performance. By benchmarking Bellevue against five peer communities, we provide important context for understanding the economic and community development trends within Bellevue. This comparative analysis highlights not only Bellevue's strengths but also opportunities for growth that could enhance its competitiveness and sustain long-term resilience.

In collaboration with the City of Bellevue staff, we identified relevant benchmark communities based on specific criteria that distinguish Bellevue from many others. We prioritized communities of similar size that possess:

- ▶ Strong technology and professional services industries
- ▶ Diverse populations
- ▶ Highly educated workforce
- ▶ Similar income levels and cost of living

This group of communities, distributed across the country and exhibiting different relative strengths and weaknesses, allows us to gain deeper insights into Bellevue's position in the broader economic landscape. By analyzing these metrics alongside those of benchmark communities, the report illuminates Bellevue's competitive position and identify areas where it excels or faces challenges.

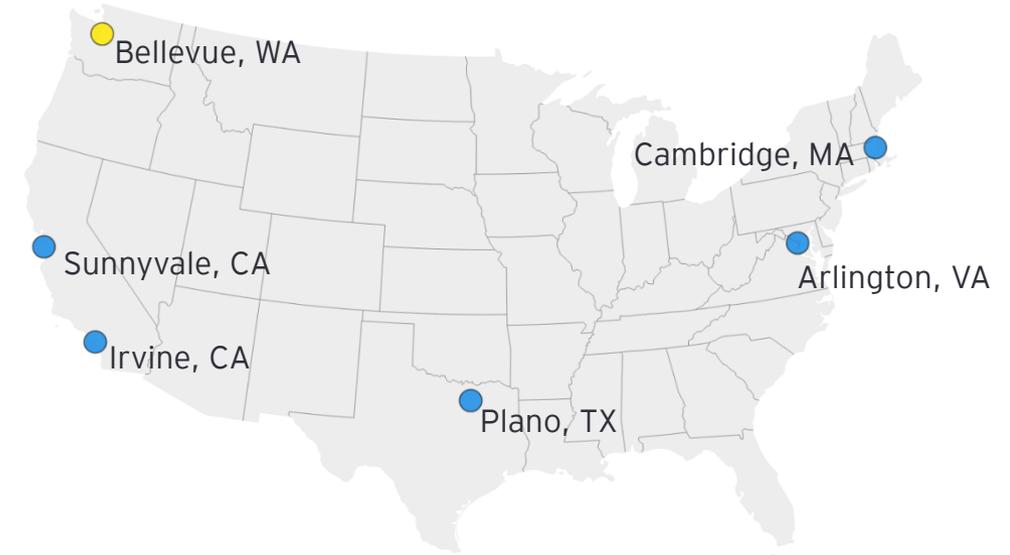
Additionally, the analysis delves into sector-specific performance, highlighting the contributions of major industries to the local economy. This detailed exploration of data provides critical insights that can guide strategies to support specific targeted industries in the Plan.

The following pages share key highlighted findings with additional detailed data in the Appendix.

Snapshot of key findings

- ▶ Bellevue has seen **strong employment growth in high-value industries** - Information, Professional Services, and Management of Companies and Headquarters.
- ▶ Bellevue has **seen median household income increase dramatically (39%)** over the past five years, growing faster than all five benchmarks.
- ▶ The typical **home price has jumped by over 60%** over the past five years, increasing faster than all benchmarks other than Irvine, CA.

Benchmark communities for Bellevue, WA

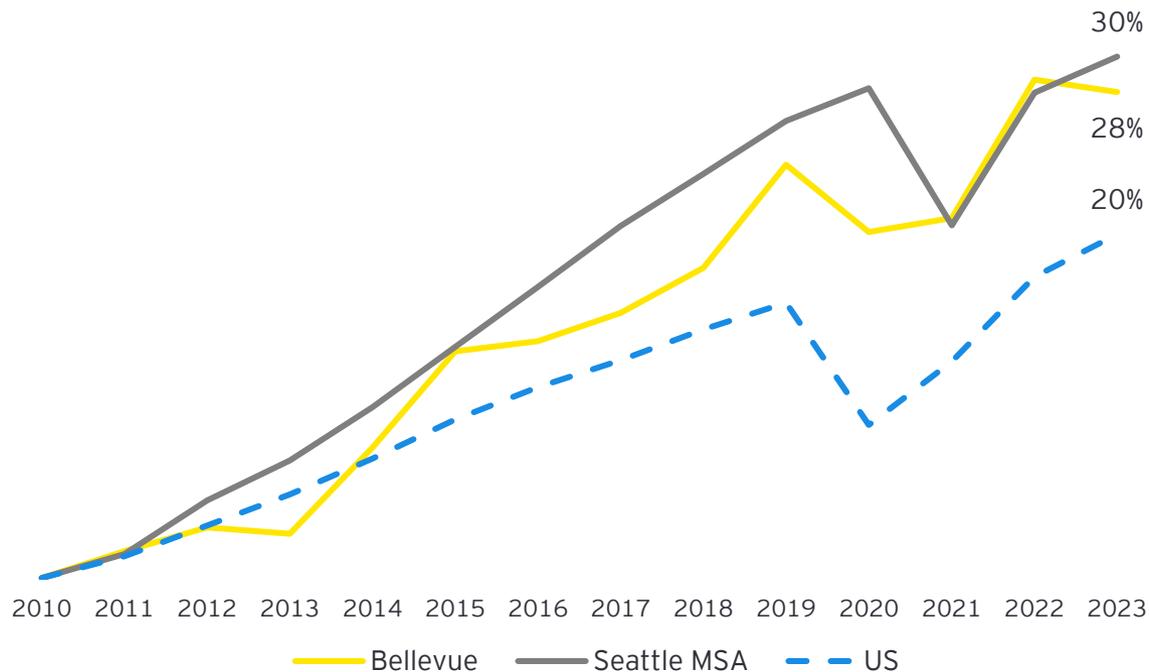


Bellevue experienced rapid employment growth over the past decade, but growth has slowed in recent years largely due to the pandemic

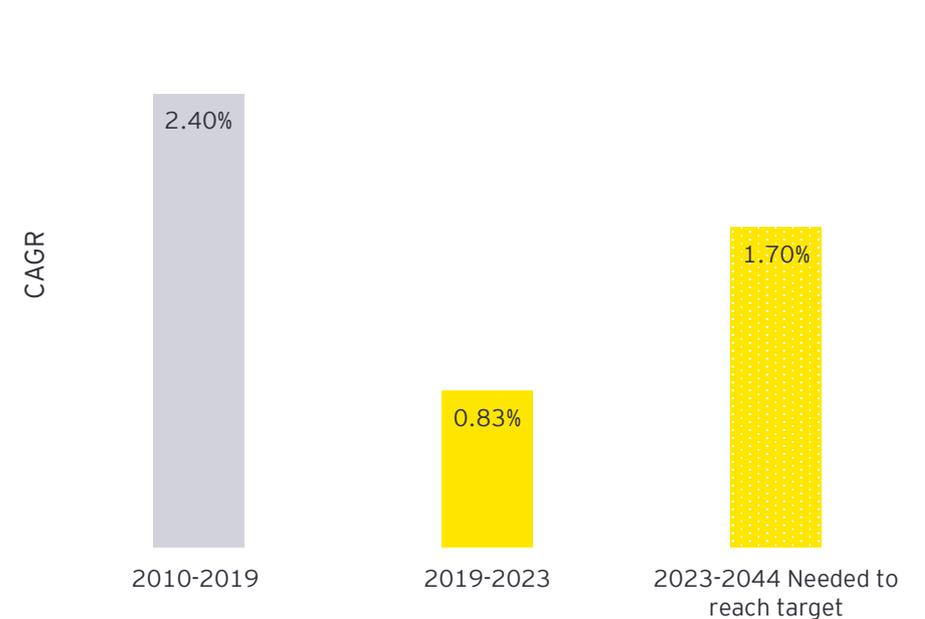
The City of Bellevue has an ambitious job goal of adding 70,000 jobs by 2044. To reach that goal, job growth would have to increase by an average of 1.7% annually from 2023 to 2044. This is lower than the rapid growth of the 2010's but faster than the more modest jobs growth over the past few years, which was impacted by COVID-19-related shocks to the economy.

When comparing to the Seattle MSA, Bellevue has seen similar growth over the past 13 years overall while specific years may have seen stronger or weaker growth. Notably, employment losses from the pandemic were not as severe in Bellevue as the Seattle MSA and employment change since 2010 caught up in 2021 before diverging again in 2023. Employment growth has also been much stronger in Bellevue and the Seattle MSA than the US overall, reflecting the region's competitiveness in technology and professional services industries.

Employment Change Since 2010



Annual Employment Growth, *Actual and Required*

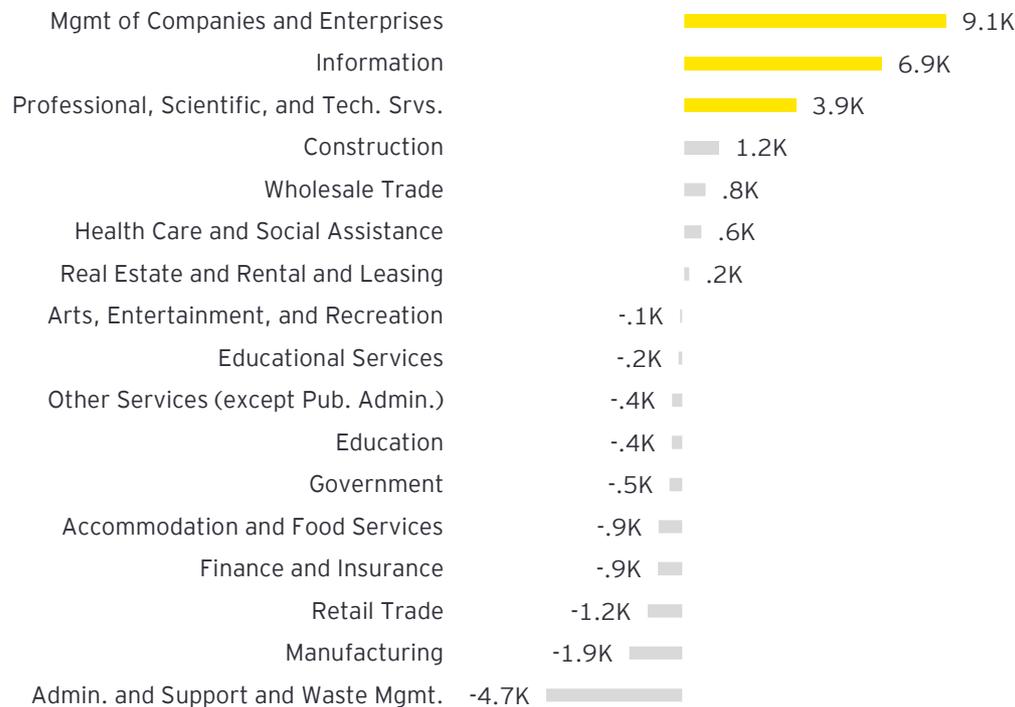


Bellevue's fast employment growth was fueled by high-paying professional industries which are projected to continue expanding in King County

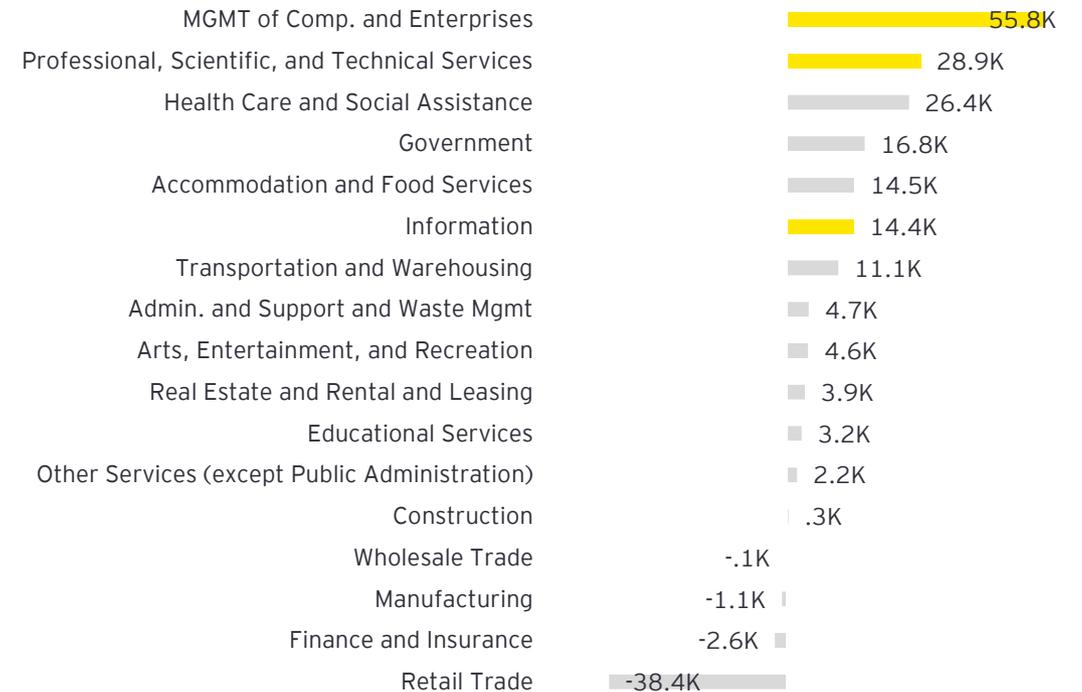
While overall employment growth in Bellevue has been positive from 2018 to 2023, there is significant variation by industry. Local employment growth has primarily been within high paying professional services, technology (Information), and headquarters and corporate operations (Management of Companies and Enterprises). Notably, these high-paying industries are also forecast to be top areas of growth in King County over the next ten years. This shows that Bellevue is well aligned with regional strengths and likely positioned well to capture a high share of this growth.

Notably, other sectors of Bellevue's economy lost employment over this period, which is partially due to the pandemic. Due to lag in available data, it is likely that some of the industries that lost employment during the pandemic, like Accommodation and Food Services, have continued their recovery in 2024 and 2025. Reaching the 70,000-job goal will likely require adding jobs in competitive industries along with stemming losses in less competitive industries.

Employment Change in Bellevue, 2018-2023



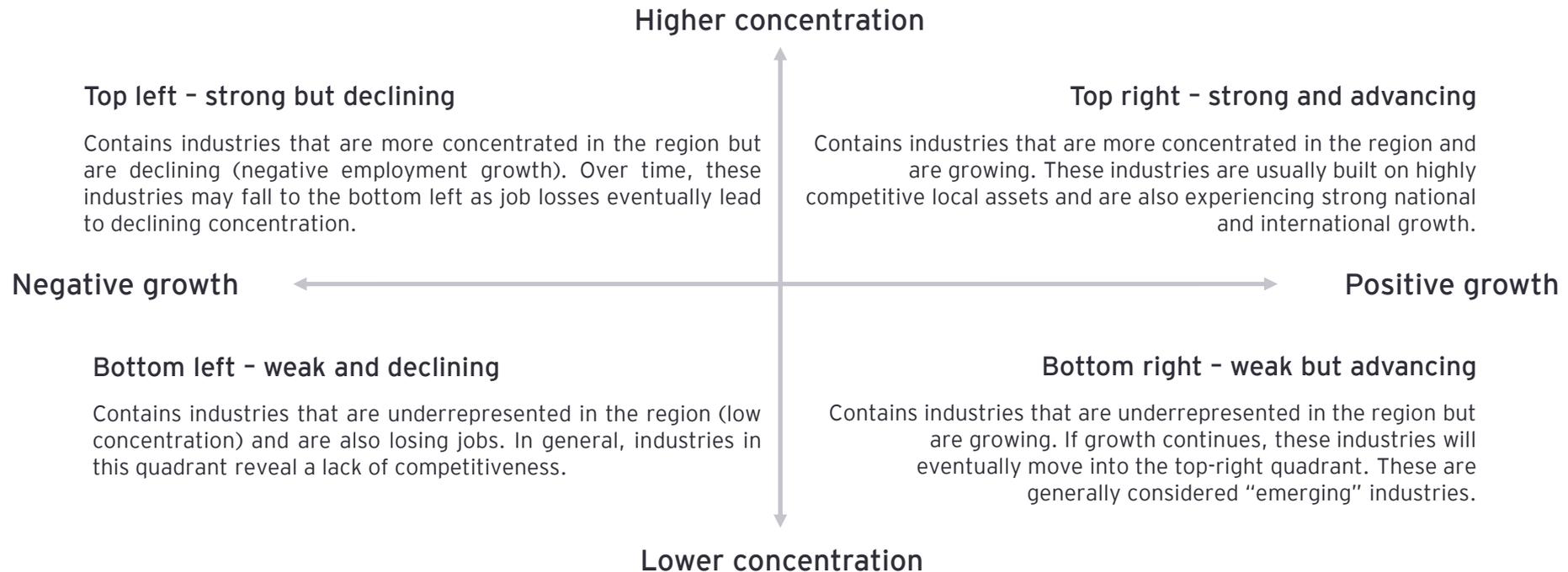
Projected Net New Jobs in King County by Industry, 2023-2033



Industry analysis background

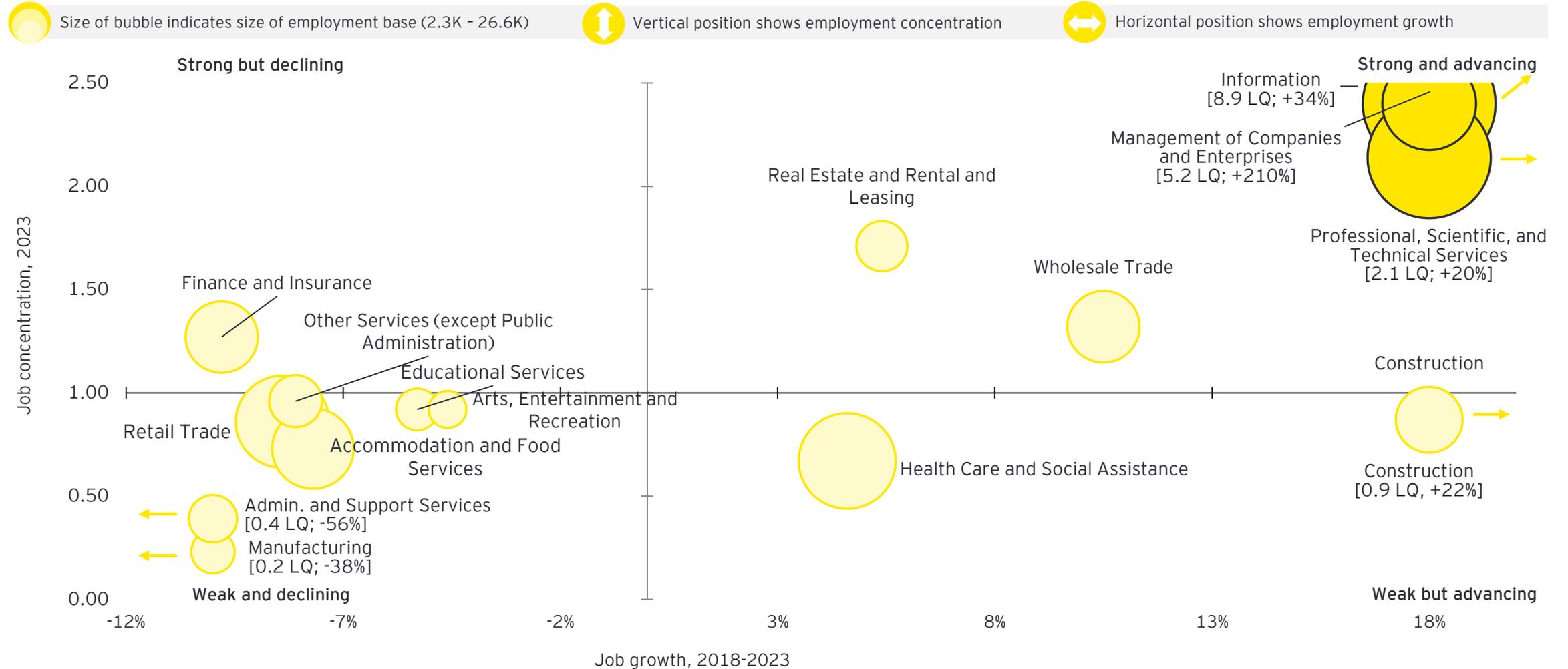
The following analysis provides further examination of industry trends and composition in Bellevue. The analysis examines recent employment trends – including industry size, growth rates and relative concentration to the US average (or location quotient). Location quotients (LQs) represent the relative density of a specific industry in a region compared to the US average. For example, a 1.5 LQ indicates that the industry has 50% more jobs as a share of the local economy than the US average. This usually indicates local competitive strengths supporting that industry sector.

In the “bubble chart”, the horizontal axis displays employment growth of each industry from 2018 to 2023; the vertical axis shows the employment concentration or location quotient; and the size of each bubble indicates the number of local jobs in the industry. Industries can generally be grouped in four categories, as described in the map below.



Bellevue's economy is building on its own success, with the most concentrated industries experiencing the fastest growth

Industry Chart for Bellevue



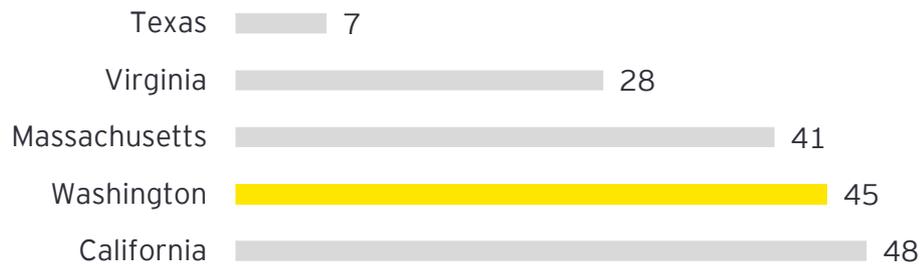
Source: Puget Sound Regional Council; Lightcast. Industries not included due to data availability: Agriculture, Forestry, Fishing and Hunting; Mining, Quarrying, and Oil and Gas Extraction; Utilities; Transportation and Warehousing, Government, Education.

The state tax environment ranks near the bottom among US states after a sharp drop in 2023

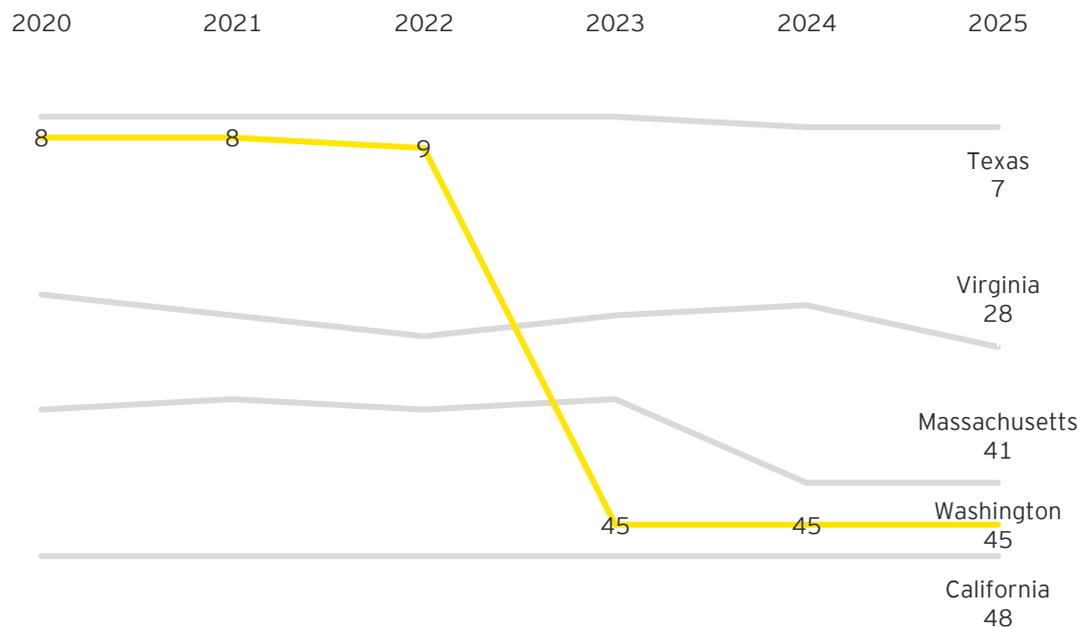
Recent changes to Washington state tax structure have made it less competitive from a cost of doing business perspective. Analysis conducted by the Tax Foundation, which measures tax competitiveness, ranks Washington 45th out of the 50 states. Among the benchmark states in this study, only California ranked lower in 2025. This represents a significant drop for Washington, which ranked in the top 10 US states in 2022.

The specific tax categories where Washington ranks the lowest include Corporate Tax (47th), Sales Tax (50th), and Unemployment Insurance Tax (44th). While there are many considerations for businesses as they decide where to invest, the tax environment can play an important role in their decision-making. These changes in Washington's tax structure may make it more difficult for Bellevue (and the Puget Sound region more broadly) to attract new companies and support expansion of existing companies when businesses are also considering locations with lower tax burdens.

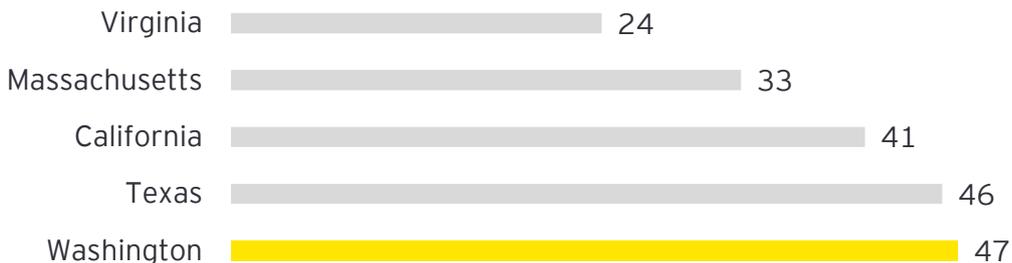
Tax Competitiveness Ranking



Tax Competitiveness Ranking Over Time



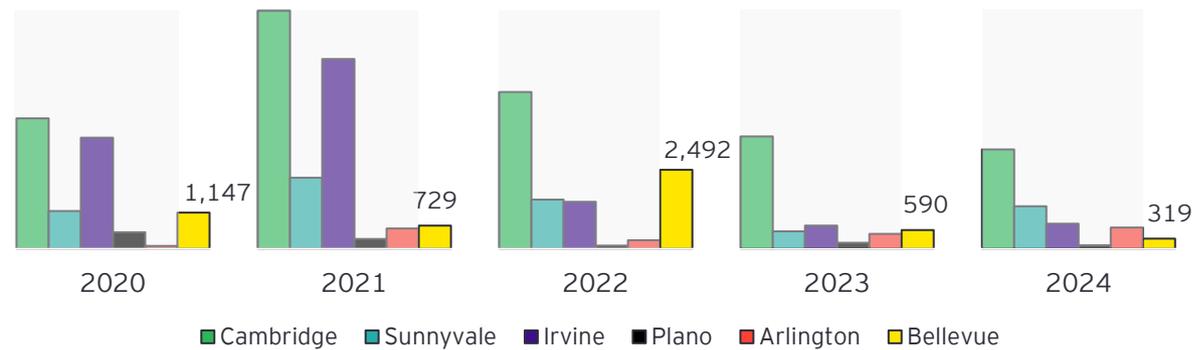
Corporate Tax Rate Ranking



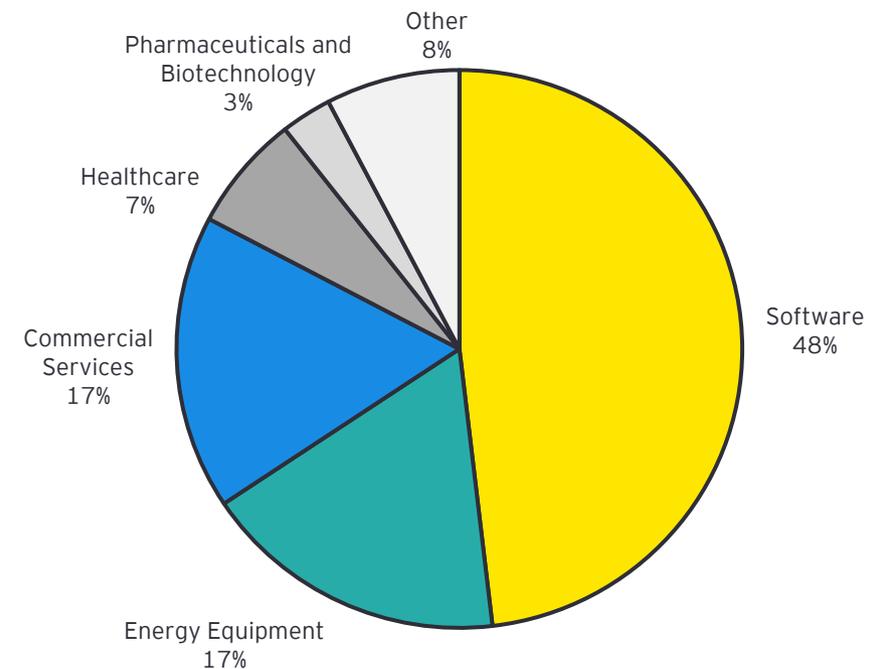
Bellevue companies attract a significant share of venture capital across industries, highlighting the strength and diversity of the City's tech sector

Venture capital activity peaked in 2022, with about \$2.4 billion raised by Bellevue headquartered companies. That declined in 2023 and 2024 as capital conditions became more difficult. In total, Bellevue saw the fourth most investment of the benchmark communities, while Cambridge, MA, a world-renown hub for life sciences and technology consistently saw the most investment among the benchmarks. Within Bellevue, software companies accounted for about half of all venture capital funding from 2020-2024 reflecting the wealth of software talent in the community. Within Software, Business/Productivity Software saw the most investment. Prominent verticals seeing investment include Artificial Intelligence & Machine Learning (\$2.1B), CleanTech (\$938M), CloudTech & DevOps (\$546M), and Gaming (\$404M). When looking at business overall, about 56% of establishments have five or fewer employees in the City of Bellevue, which is comparable to most of the benchmarks.

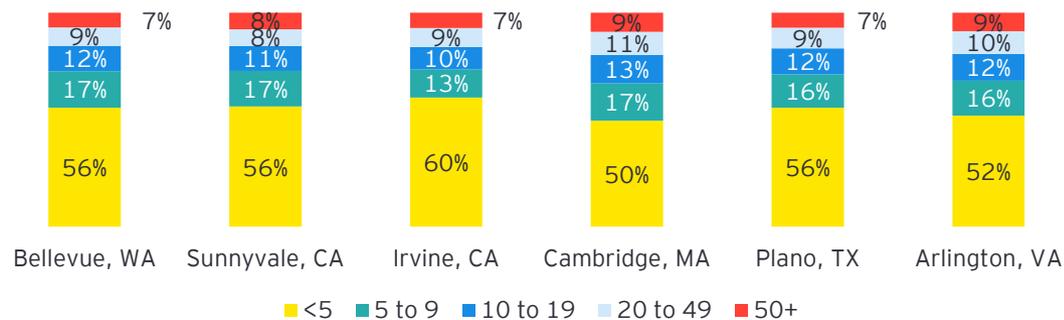
Venture Capital Activity in Benchmark Communities, 2020-2024 (in millions \$)



Venture Capital Funding by Industry, 2020-2024



Share of Establishments by Employment Size, 2022

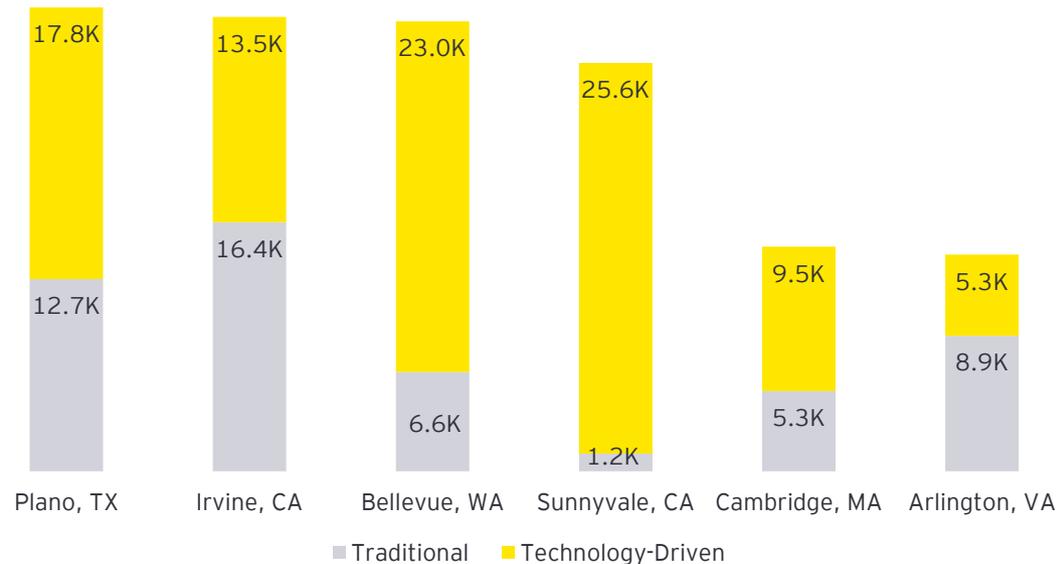


The Creative Economy remains a key driver of the economy in Bellevue, bolstered by high-paying, technology-driven industries

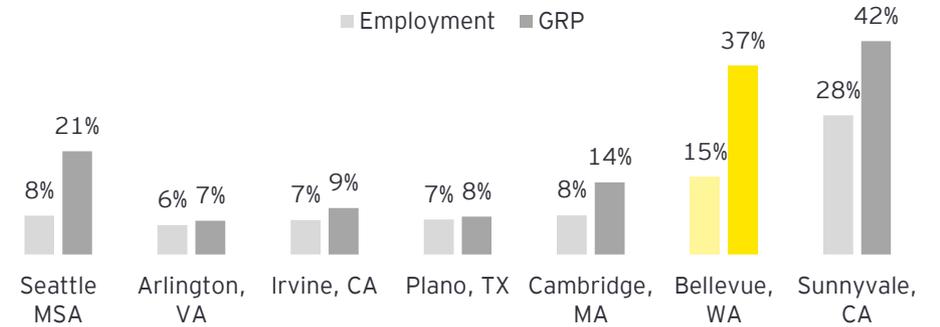
The City of Bellevue has a high share of employment in the creative sector and contributes an estimated 37% of the gross regional product. The technology industries which are highly concentrated in the City of Bellevue provide the majority of the employment and economic activity in the Creative Sector. Technology is a diverse industry, and within it are video game developers, social media companies, and artificial intelligence firms among others.

The Creative Sector overall is diverse as well, and wages vary dramatically. While careers in the technology industry tend to be high-paying, more traditional artists make much less than the average wage in Bellevue. This highlights the challenge for many traditional artists operating in the City. While there is a throughline of innovation and originality in the work of the sector, the needs of firms and opportunities to support them vary by their sub-sector.

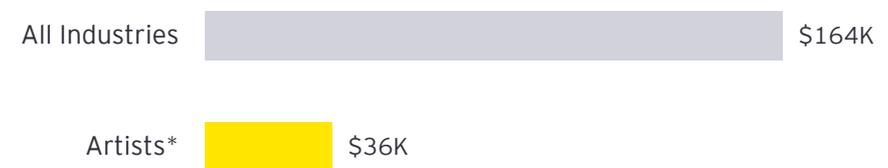
Creative Sector Employment by Type, 2024



Creative Sector Share of Employment and GRP, 2024



Average Wages for Artists, 2024

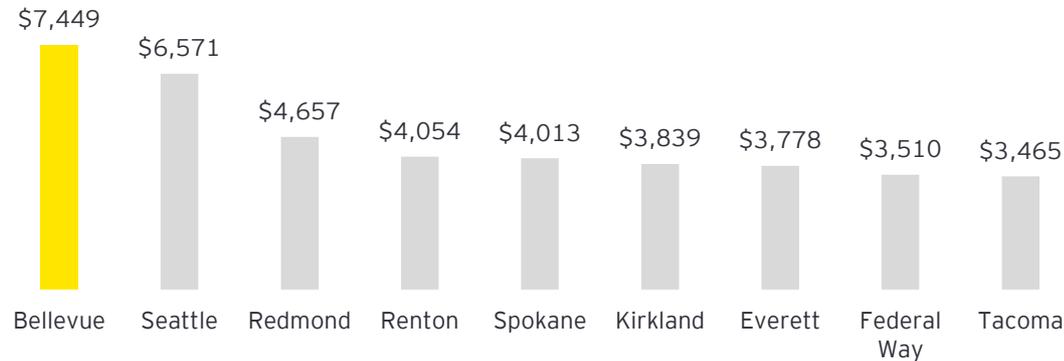


Tourism tax revenues have almost reached 2019 levels, but growth in tourism-related retail sales have trailed most other cities in King County

Bellevue has higher tourism-related retail sales per capita than many peer markets, but growth has been slower than many of its local peers. Given the importance of business travel to Bellevue's tourism economy, and the slow growth of other employment centers like Seattle and Redmond, that growth may accelerate if business travel continues to recover.

Tourism tax revenue almost reached 2019 levels in part because of the addition of the Tourism Promotion Area which only collected revenue during the 2nd half of the year. This additional revenue source helped to compensate for drops during the period in the Transient State-Shared Hotel/Motel tax and the Convention Center tax revenues.

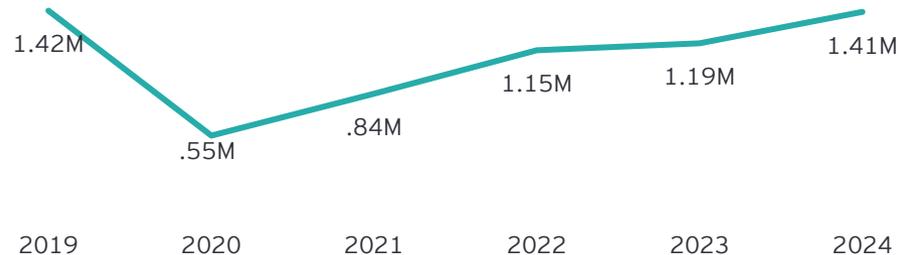
Tourism-related retail sales per capita in select cities, 2023



Change in tourism-related retail sales, 2018-2023



Hotel Visitors, 2019-2024



Tourism Tax Revenue in Bellevue Over Time, 2018-2023

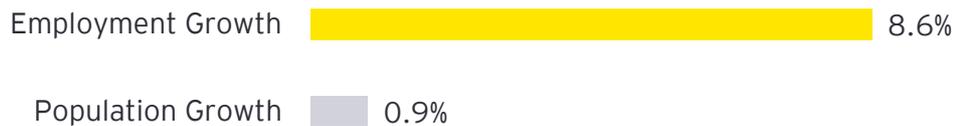


Bellevue's economy is deeply interconnected with the region with most employers hiring workers who live outside the City

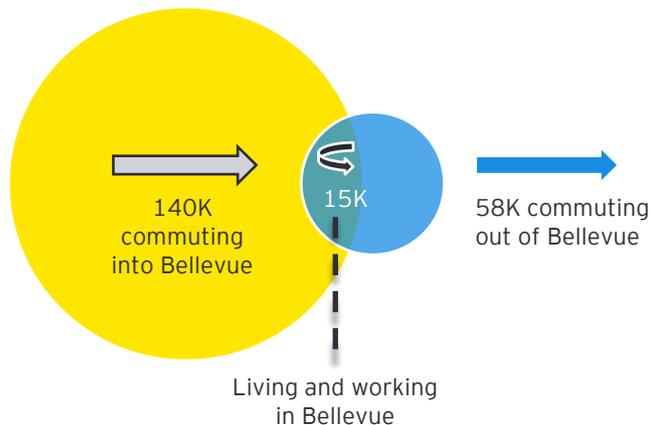
About 90% of jobs in the City of Bellevue are filled by commuters into the City. That number has increased from 87,000 in 2002 to 140,000 in 2022 while those living and working in Bellevue has remained largely flat. Similarly, a large majority of workers who live in Bellevue commute out for work. The desirability of living in Bellevue make it a location of choice for those in the Puget Sound Region and creates affordability challenges for those who work in Bellevue but cannot afford to live in it.

This interdependence between the City of Bellevue and the broader region highlights the importance of regional cooperation on issues such as workforce, transportation, and economic and cultural assets. As the City of Bellevue continues to evolve and grow, this cooperation will remain key to its success.

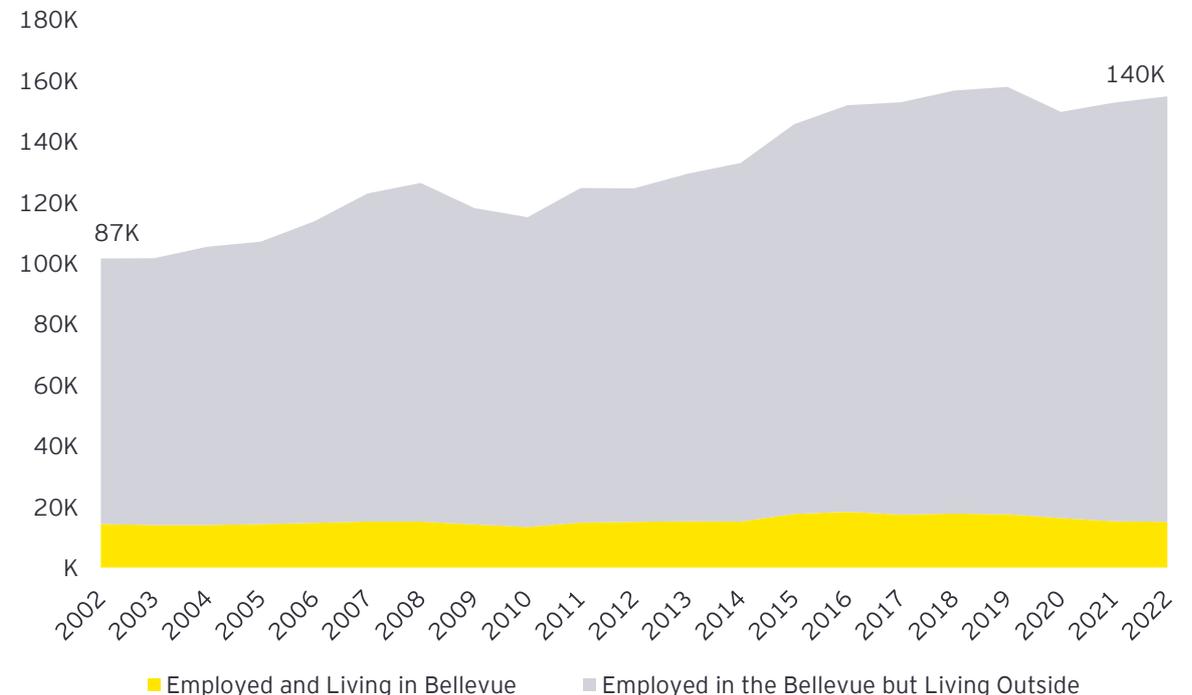
Employment vs. Population Growth, 2018-2023



Bellevue Commuting Patterns, 2022



Employees in Bellevue by Location of Residence, 2002-2022

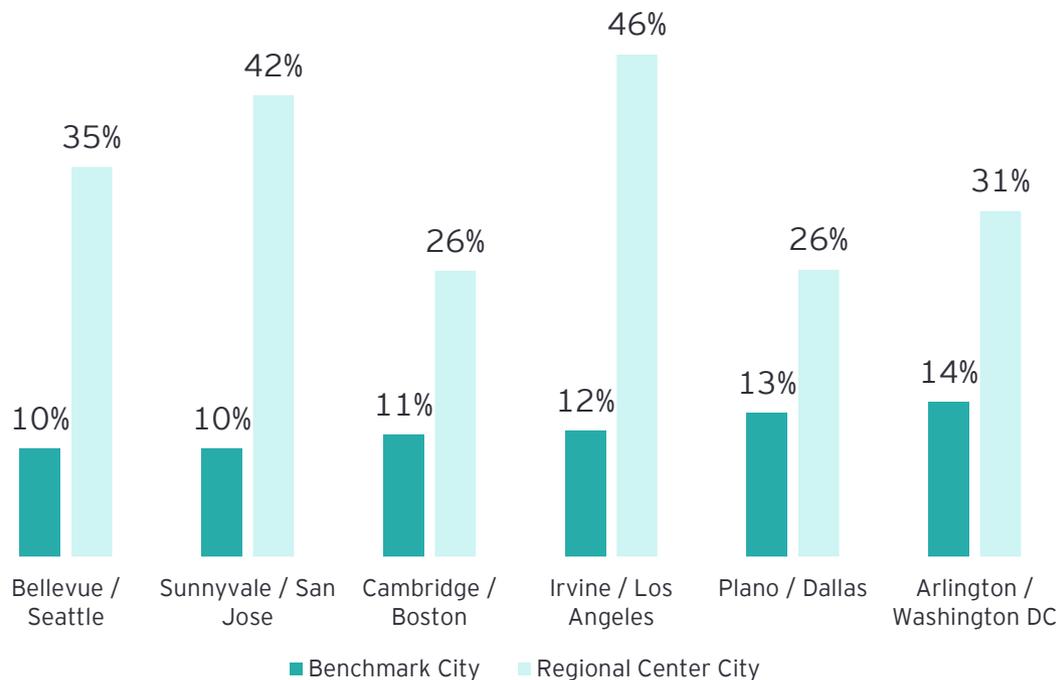


Bellevue is deeply integrated into the Puget Sound Region drawing talent from the region while serving as a significant source of employment

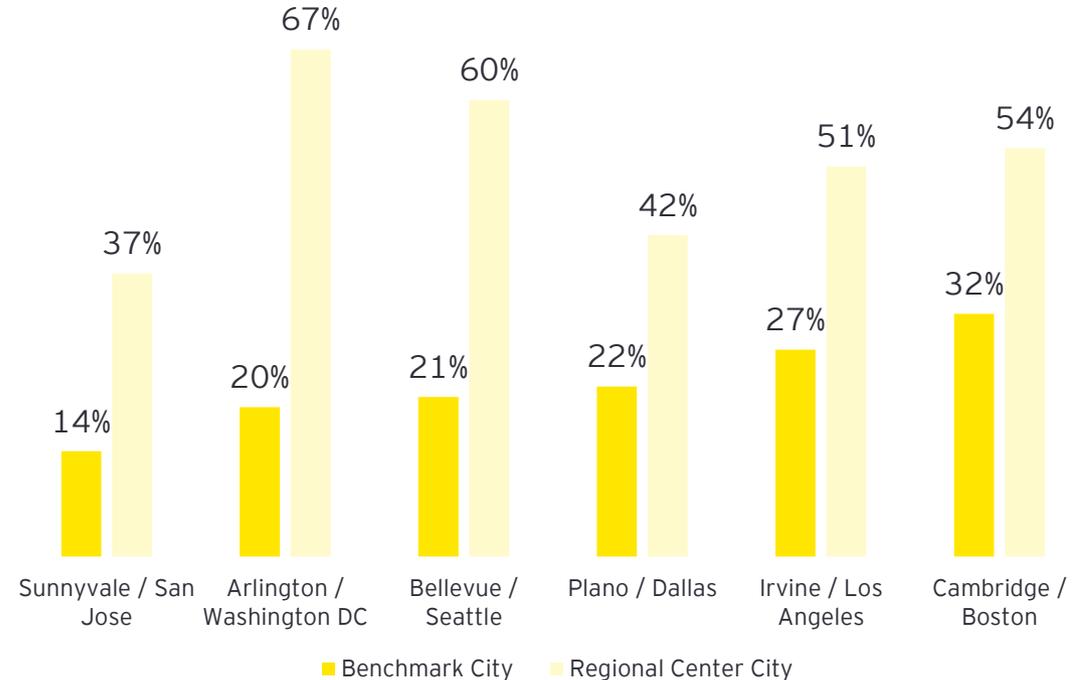
About 10% of jobs in Bellevue are filled by residents while 21% of employed Bellevue residents work locally. Although the share of local jobs filled by residents is slightly lower than benchmark communities, all levels are fairly comparable and reflect the interconnected nature of all metropolitan area economies. Even the regional center city's (such as Seattle) for benchmarks experience a significant share of workforce exchange with neighboring communities. In Seattle, approximately 1/3 of jobs are filled by residents, and 2/3 of employed residents work locally.

The commuting data highlights the interconnectedness of large metro areas. The workforce of Bellevue extends far beyond its borders while most Bellevue residents work at locations outside the City. This reinforces the need for collaboration at the regional level, whether that takes place among East Side communities or the broader Puget Sound Region.

Share of jobs filled by residents, 2022



Share of employed residents working locally, 2022

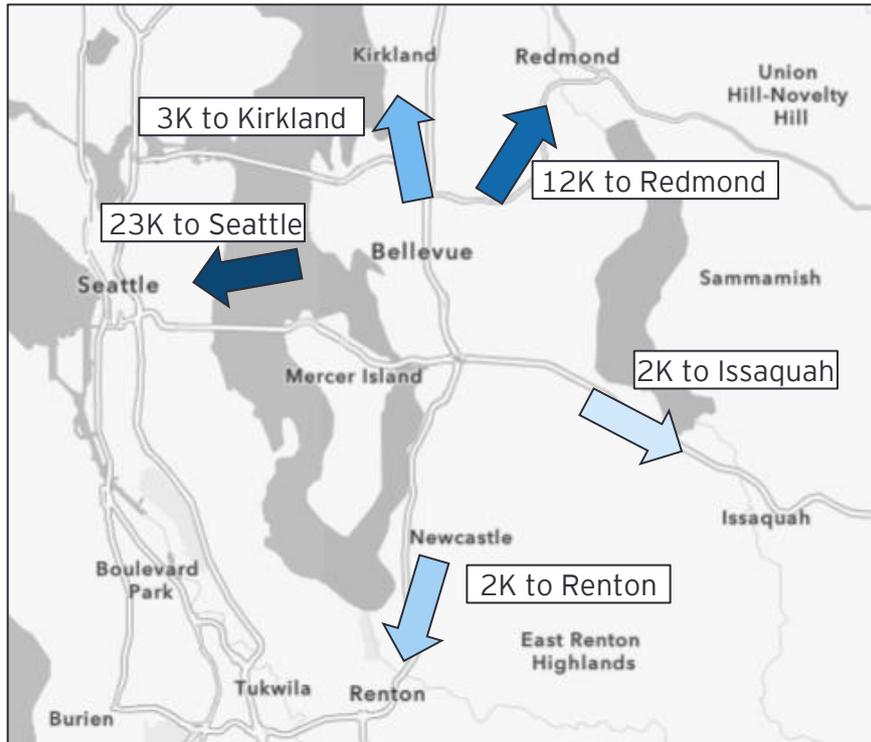


Bellevue benefits from a regional economy with residents finding employment throughout the region

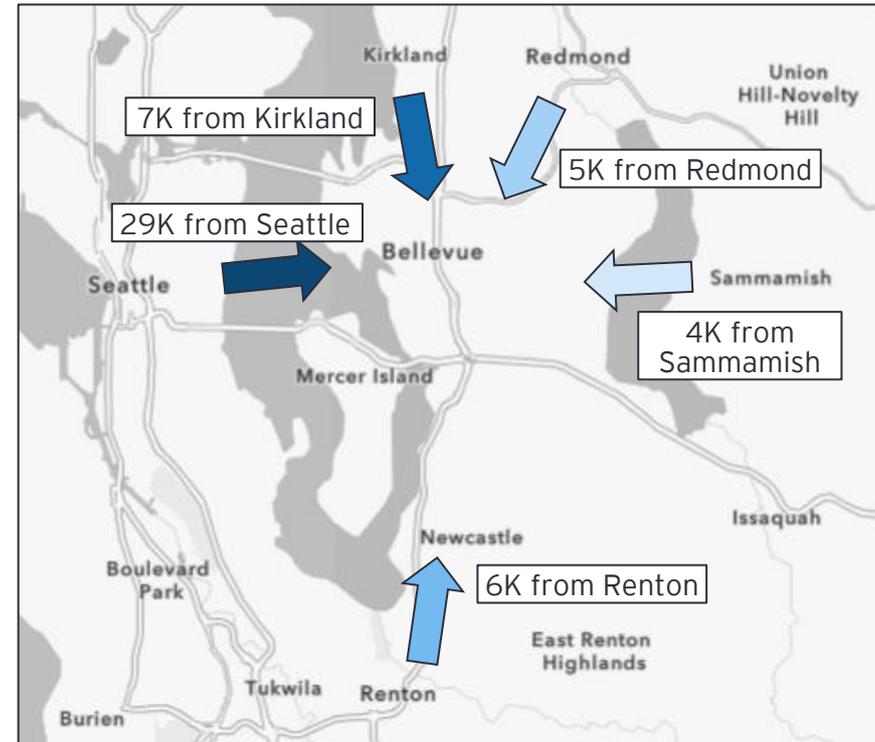
About 23K Bellevue residents commute to Seattle each day, more than any other city in the region. Redmond is the second largest destination with 12K residents. Once the East Link extension is completed, both cities will be accessible via light rail, highlighting the importance of this public transportation project for residents of Bellevue.

About 29K Seattle residents are commuting into Bellevue, much more than any other city and about double the number of Bellevue residents that also work within the City. Bellevue receives net commuters from all the cities listed below, underscoring Bellevue's important role as an employment hub in the Puget Sound Region.

Top five destinations for commuting out of Bellevue, 2022



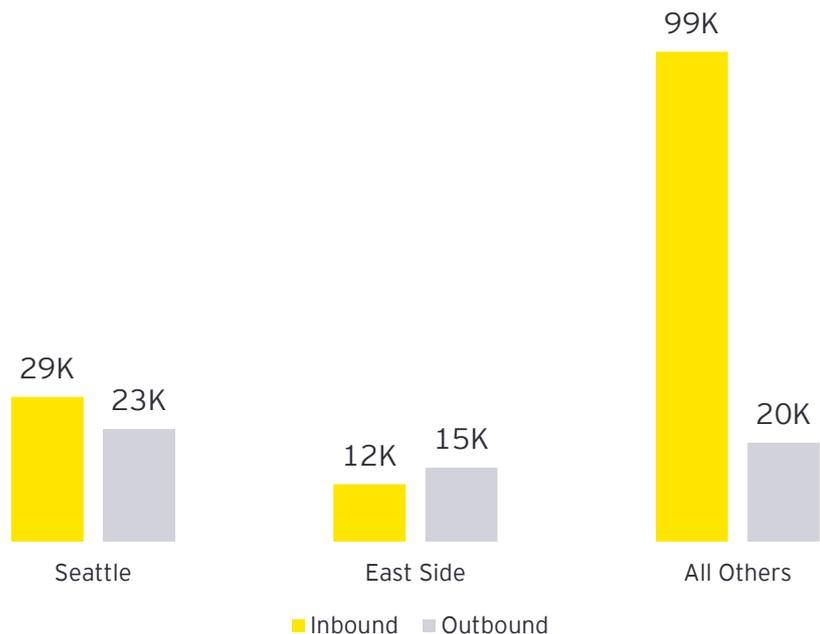
Top five sources for commuting into Bellevue, 2022



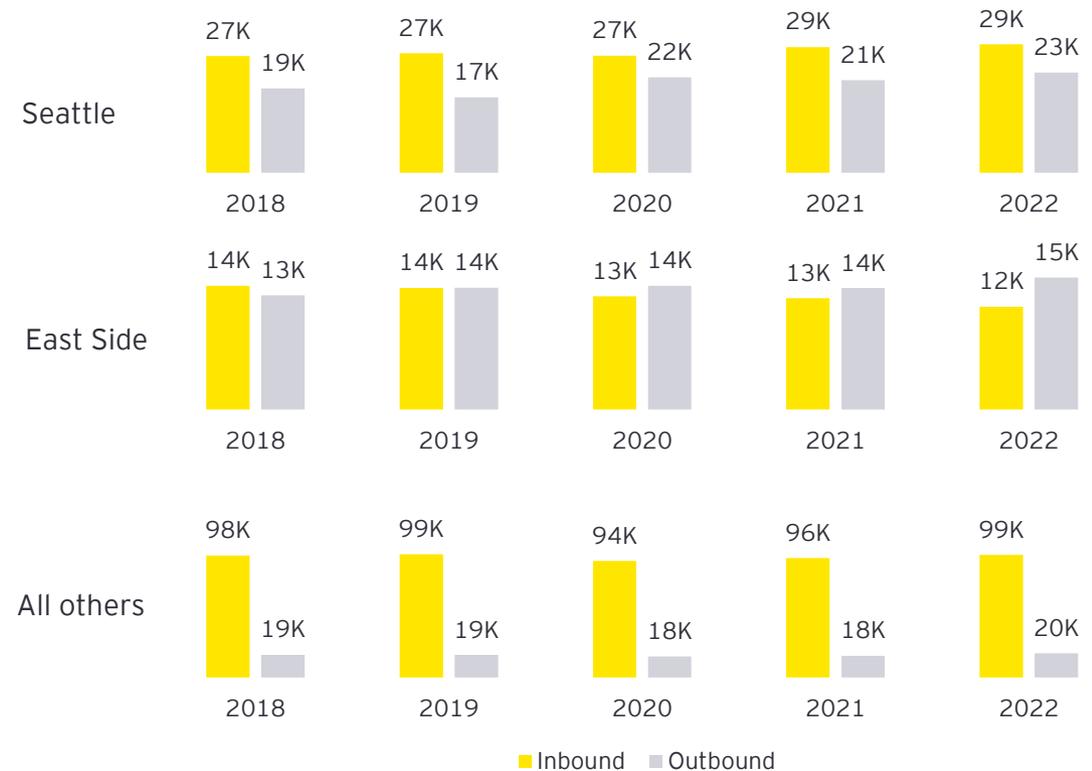
Bellevue's workforce exchange with Seattle and the East Side is relatively even, but a majority of in-bound commuters come from further afield

Each day, approximately 29,000 workers commute into Bellevue from Seattle, while 23,000 workers commute out. Similarly, 12,000 workers commute in from the East Side (Redmond and Kirkland), while 15,000 workers commute out to those cities. These relatively balanced exchanges stand in contrast to the broader region: 99,000 workers commute in from further than Seattle and the East Side, while 20,000 workers commute out to other destinations. Notably, from 2018 to 2022, the number of commuters into Bellevue increased from Seattle and communities outside of Seattle and East Side while it declined from East Side communities. Outbound commuters increased to both areas. Given the lag in the data, part of this phenomenon could still be influenced by the impact of COVID-19 on in-person work and could be subject to change as new data is released. The number of commuters between Bellevue and Seattle has increased by about six thousand from 2018 to 2022, highlighting the important role that the expanded light rail can play in supporting mobility in the region.

Sources and destinations of Bellevue commuting workers, 2022



Sources and destinations of Bellevue commuting workers, 2018 - 2022

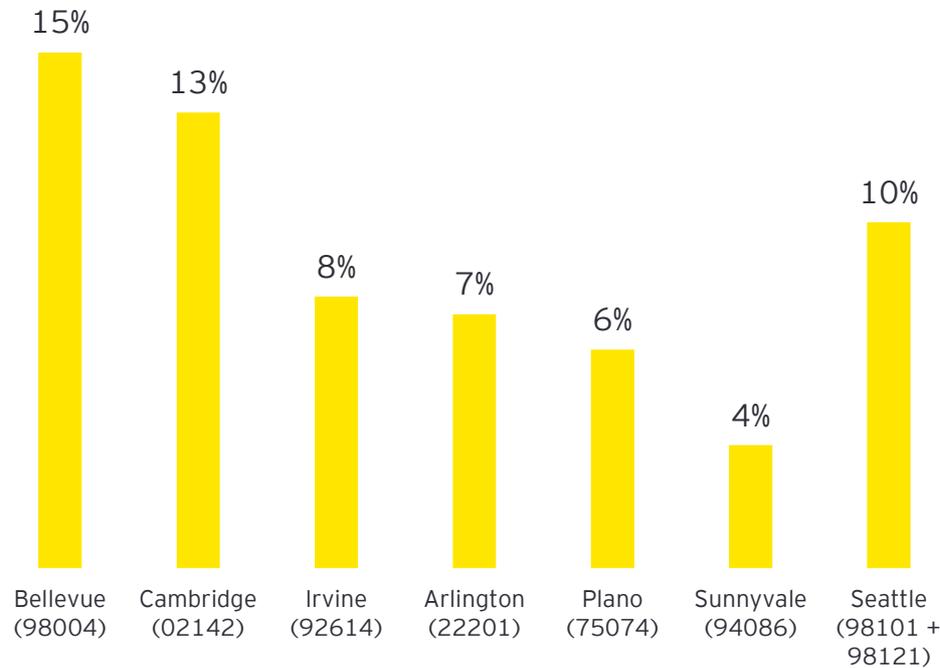


Bellevue leads all benchmarks with its share of residents living and working in downtown

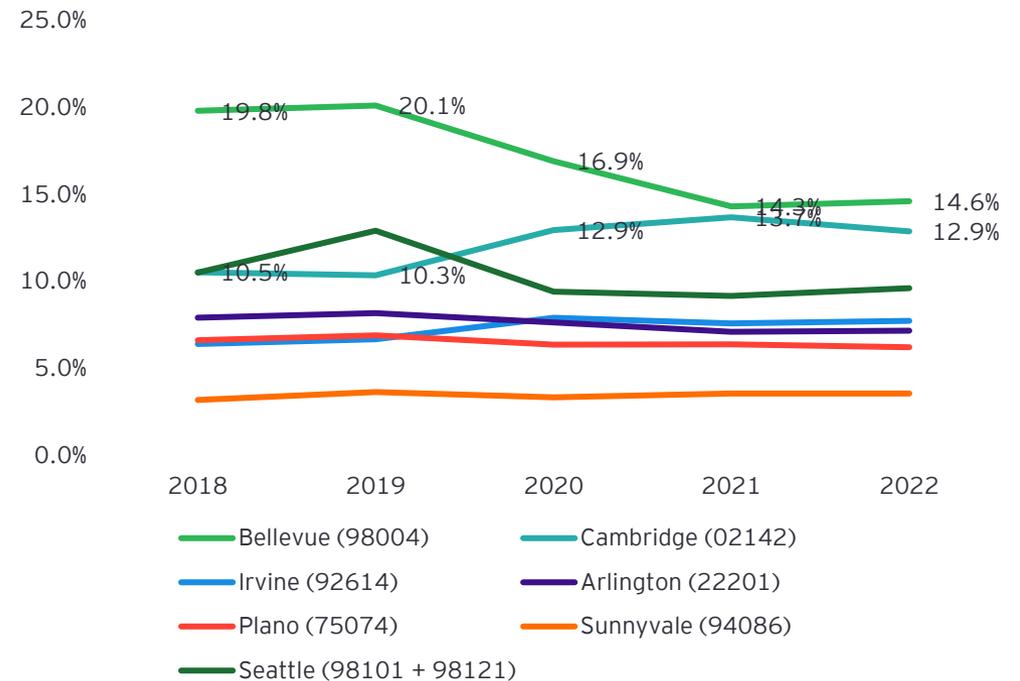
About 15% of employed residents of downtown Bellevue are also employed in downtown, higher than all benchmark communities and even downtown Seattle. A higher share of residents who work in downtown helps mitigate traffic into the central business district, while more residential uses helps create a more diversified mix of uses and supports a wider range of retail, food, and entertainment options in downtown.

However, this share has fallen from a peak of 20% in 2019. As more firms are bringing their employees back to the office, and retail and restaurants see more foot traffic in downtown, this share may begin to increase once again.

Share of residents living and employed downtown, 2022



Share of residents living and employed downtown, 2018 - 2022

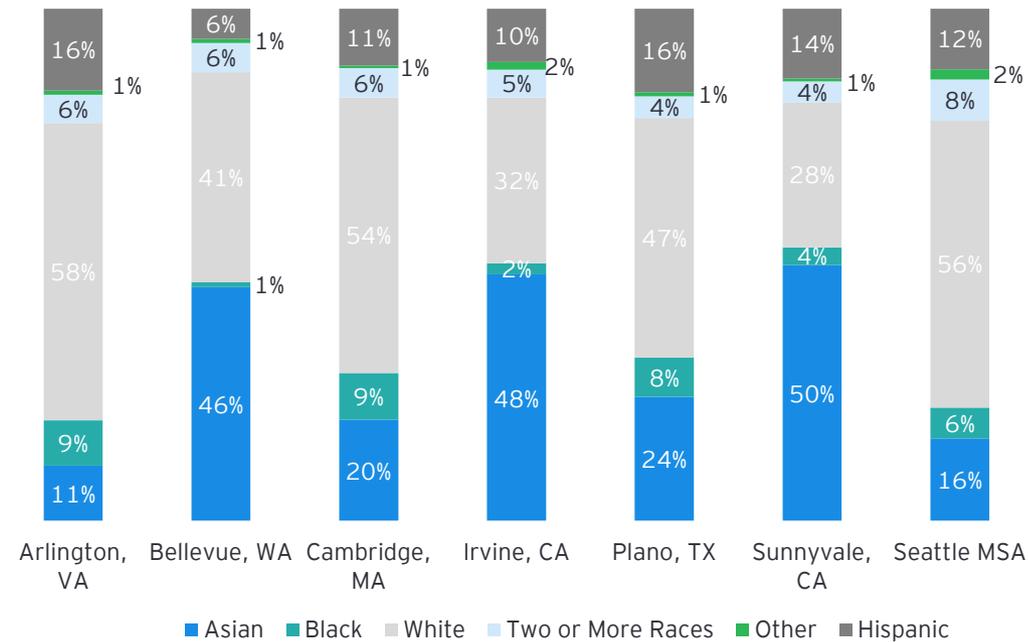


Bellevue is a diverse community, with a large international population

A majority of Bellevue's residents are non-white. Almost half of residents are Asian, third-highest among the benchmarks and almost three times the share in the Seattle MSA. About 42% of residents are foreign-born, second among the benchmarks and over twice the share in the Seattle MSA. Similarly, Bellevue has the second most international migration per capita.

Bellevue has developed a diverse international community which has increased its economic competitiveness and enriched its cultural amenities. Looking forward, potential shifts in political priorities at the federal level may impact international migration, which could disproportionately affect Bellevue which has a high-share of foreign-born residents and workers.

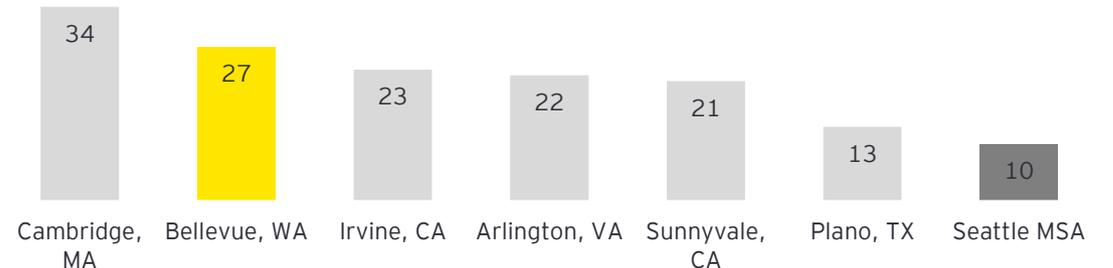
Race and Ethnicity Distribution, 2023



Foreign-born population, 2019-2023



International Migration Per 1K Existing Residents, 2019-2023

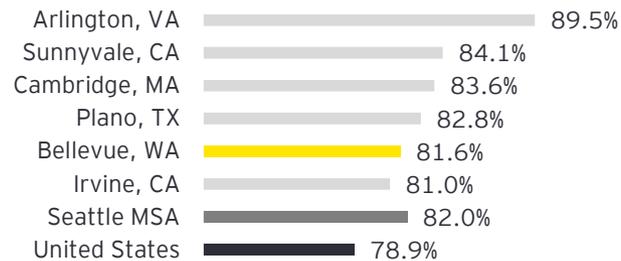


Bellevue is a highly-educated community with a relatively low poverty rate

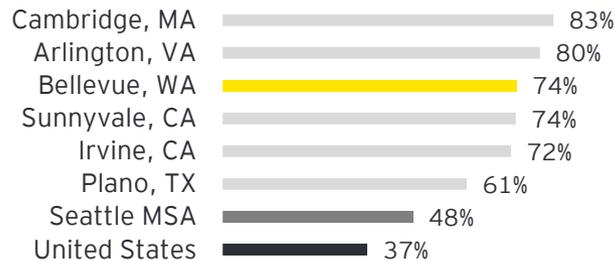
Bellevue is highly-educated with about 74% of working age residents having a Bachelor's Degree or higher. That is third among the benchmarks and much higher than the Seattle MSA and the US. Similarly, Bellevue has a relatively low poverty rate of 7.3% and a labor participation rate of working age-residents above the national average. These data point to strength in the labor market and economy.

When looking at the data broken out by race and ethnicity, the data suggests that there are differences in labor force participation, educational attainment, and poverty. The largest gap appears in poverty rates with much higher rates among Black, Two or More Races, and Hispanic. Given the much smaller sample sizes for these population, there are large margins of error in the estimates for these groups, so caution should be used when considering these estimates.

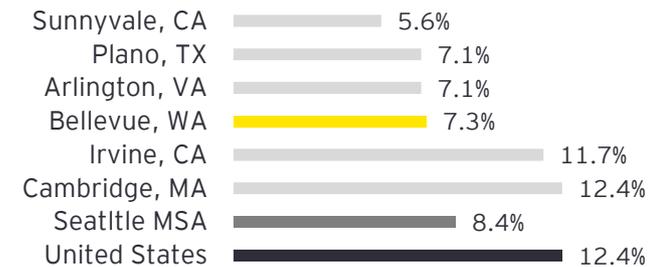
Labor Force Participation Rate (Ages 25-64), 2019-2023



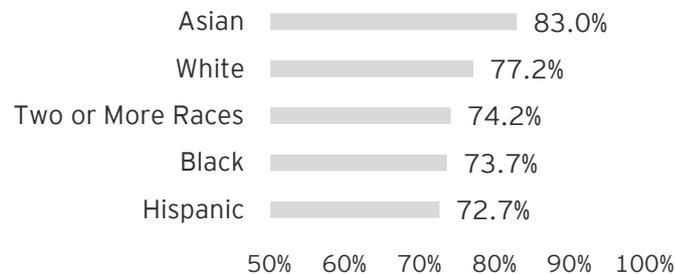
Share with a Bachelor's Degree or Higher (Ages 25-64), 2019-2023



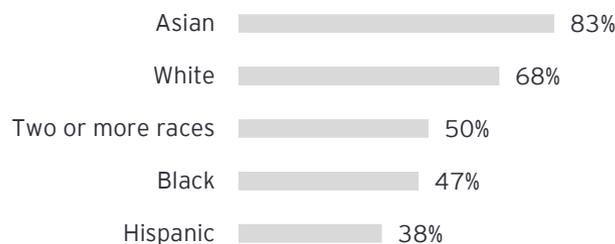
Poverty Rate, 2019-2023



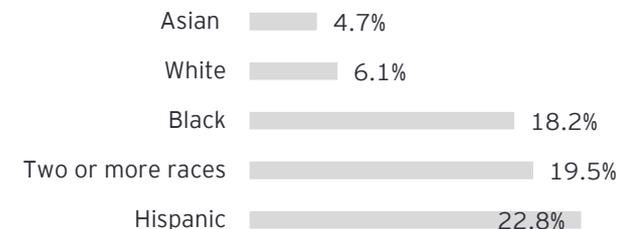
Labor Force Participation Rate by Race and Ethnicity (Ages 16-64), 2019-2023



Share with a Bachelor's Degree or Higher by Race and Ethnicity (Ages 25+), 2019-2023



Poverty Rate by Race and Ethnicity, 2019-2023

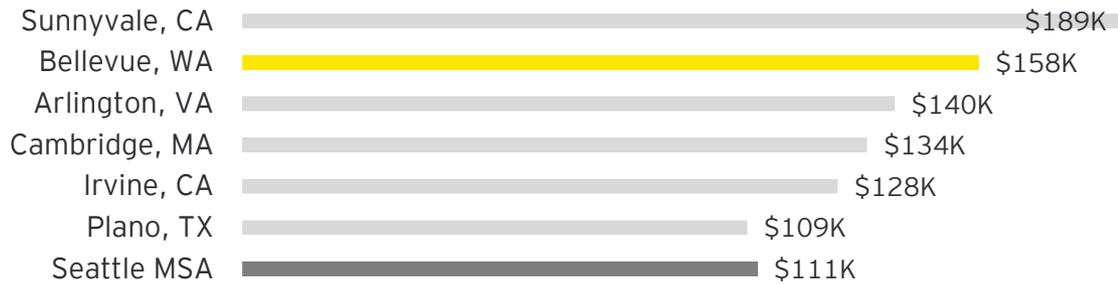


Household income is high and growing quickly while housing costs also rise

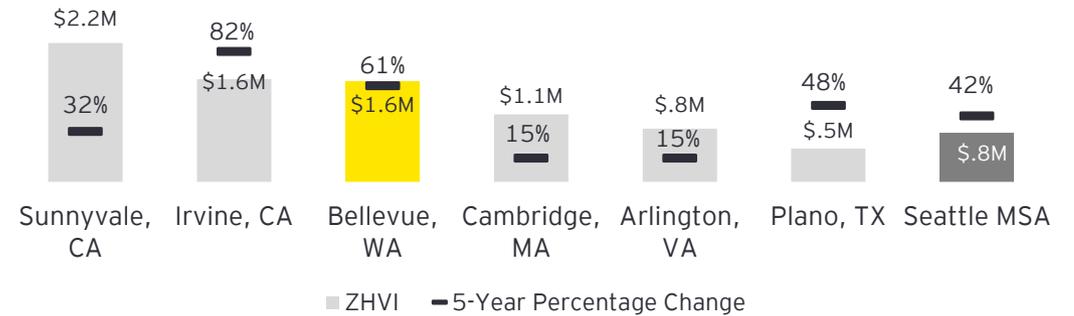
Bellevue has a relatively high median household income that has been growing quickly. In 2023, the median household income was about 40% higher than the Seattle MSA and it was growing about 50% faster. Bellevue saw growth that surpassed all the benchmark communities.

While incomes have grown, the cost of living has risen sharply as well. While the median household income is only 40% higher than the Seattle MSA, the typical home costs twice as much. The price of the typical home increased by about 60% from 2020-2025 to \$1.6 million, about 50% faster than the Seattle MSA. Only Irvine, CA grew more quickly than Bellevue among the benchmark communities. Rent grew more slowly during this time, potentially due to the large increase in multifamily development. While the typical monthly rent in Bellevue is only about 40% higher than the US overall, the price of the typical home is over four times more.

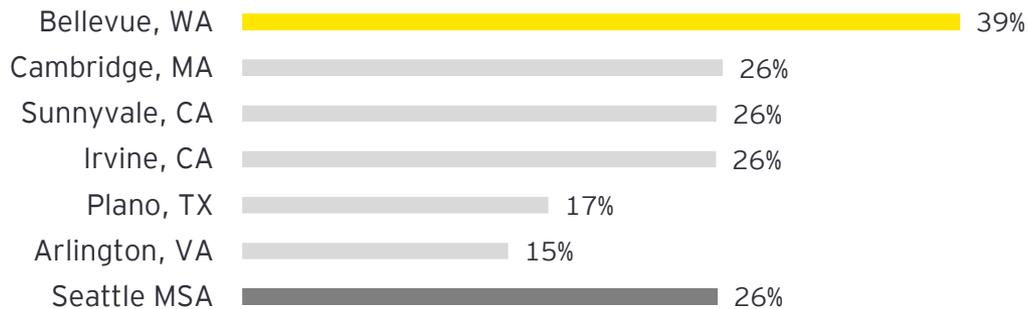
Median Household Income, 2023



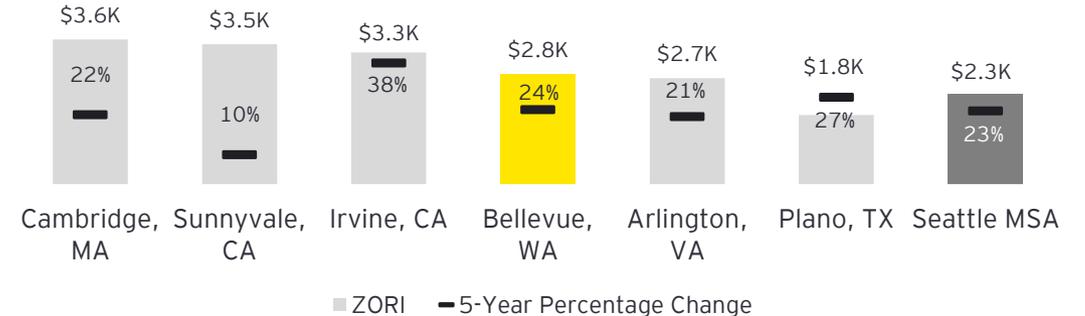
Home Values and Change Over Time, 2020-2025



Median Household Income Growth, 2018-2023



Monthly Rent and Change Over Time, 2020-2025





Real estate market analysis

Summary of the real estate analysis

This section of the report provides a summary of the current real estate market dynamics in Bellevue, focusing on both the office and retail sectors especially along the I-90 corridor and conducting some comparison the Seattle, Redmond and Kirland areas. As the city continues to evolve in response to changing economic conditions and shifting work patterns, understanding these dynamics is crucial for stakeholders, investors, and community leaders. This analysis draws on recent data and trends to illuminate the challenges and opportunities facing Bellevue's real estate market, particularly in light of the rise of remote and hybrid work arrangements that have significantly impacted office space demand.

In recent years, Bellevue has emerged as a dynamic secondary market, known for its urban sophistication and natural beauty. However, the office market has faced increased vacancy rates and a reevaluation of space needs, particularly in the I-90 Corridor, which has reached record levels of vacancy. This shift is largely influenced by major employers in the tech industry, such as Amazon and Microsoft, as they adapt to new operational models. As companies downsize or reconfigure their office spaces, the implications for the overall market are profound, necessitating a thorough understanding of current trends and future projections. Additionally, the retail market in Bellevue presents a contrasting narrative, with low vacancy rates despite stagnant absorption and declining rents.

This analysis specifically concludes that, due to the decline in leasing activity and changing dynamics in the I-90 office market, proactive intervention is necessary in the Eastgate neighborhood to alter its trajectory and enhance the mix of uses, including housing, parks and trails, retail, and entertainment. This will require targeted investments in infrastructure and policy initiatives.

Snapshot of key findings

While the rise of remote and hybrid work arrangements has led to increased vacancy rates in Bellevue's office market, a “flight to quality” is making Bellevue's CBD more attractive.

- ▶ Return to work mandates may lead to additional demand, but the preferred office spaces are those that are modern, adaptable, and equipped with enhanced amenities to support a collaborative work environment.

Bellevue's I-90 Corridor has reached record levels of vacancy in 2023, indicating a new demand equilibrium.

- ▶ With a new “normal” projected in office space demand in Eastgate and the I-90 corridor, Bellevue should be prepared to explore strategies for facilitating the demolition and revitalization or renovation of outdated office spaces to better meet the evolving needs of businesses.

Investors perceive higher risks in the I-90 Corridor, leading to reduced investment and leasing activity and increased cap rates, which reflect lower property values.

- ▶ With lower demand for Class C office space and investors perceiving more risk, Bellevue will need to consider initiatives such as encouraging more housing density and mix of uses along with infrastructure investments in walkability and light rail to help reposition Eastgate.

Despite challenges in the office sector, the retail market in Bellevue remains resilient, with low vacancy rates in the I-90 Corridor.

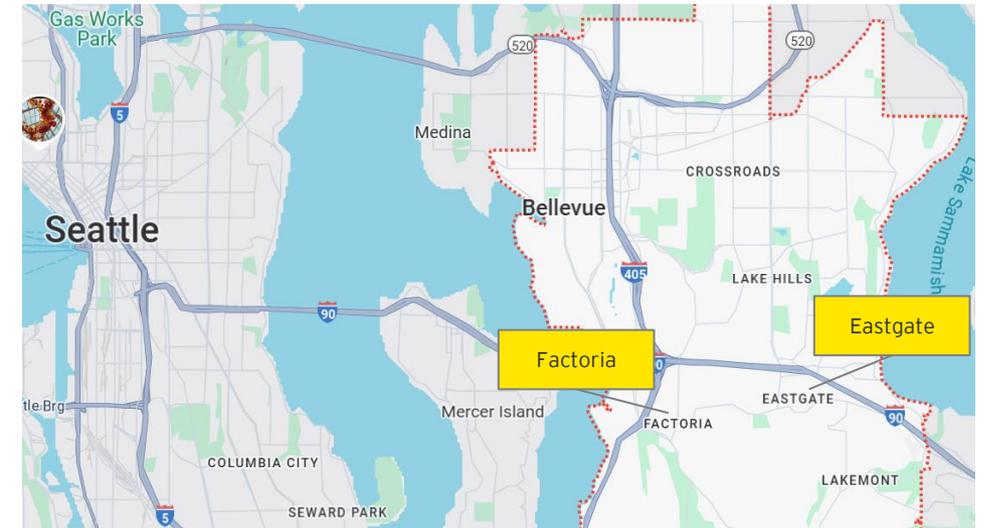
- ▶ Stagnant absorption and negative rent growth suggest an oversupply in the retail space. As minimal new construction is projected in the coming years, this could lead to an increase in rents for quality spaces and indicate a need for redevelopment and/or new construction.

Office Market Overview - City of Bellevue

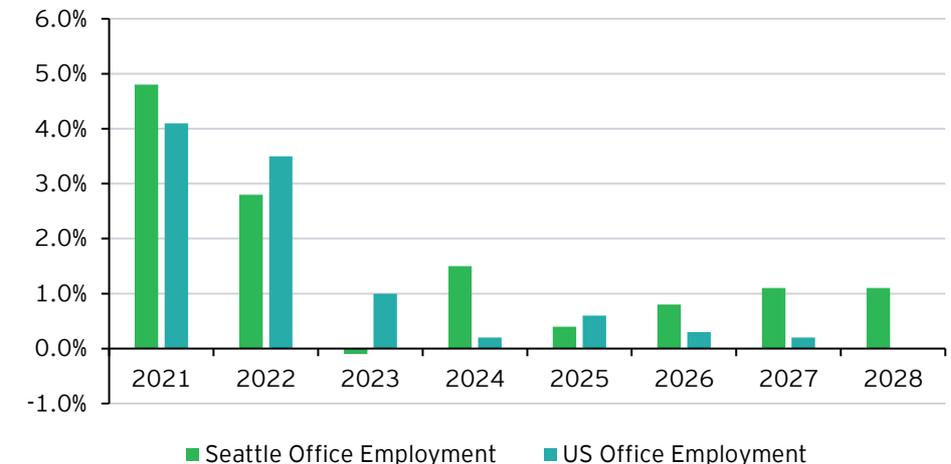
The rise of remote and hybrid work within the tech industry has led to increased vacancy rates and a reevaluation of office space needs.

Overview

- ▶ Seattle Office Employment growth has decreased year over year since 2021 and is expected to remain deflated in the near term.
- ▶ Companies are downsizing or reconfiguring their spaces to accommodate flexible work arrangements.
- ▶ The City of Bellevue is a dynamic and fast-growing secondary market located East of Seattle, across Lake Washington. Known as a hub for technology and business, it is characterized by urban sophistication and natural beauty, offering both high-rise corporate centers and scenic views of mountains and lakes.
- ▶ The Bellevue office market is influenced by national and regional trends. In particular, the area has seen a shift towards remote and hybrid work patterns, impacting office demand.
- ▶ Bellevue is home to several major employers across various industries. Bellevue's largest employer is Amazon. The headquarters for T-Mobile's US operations are in Factoria, a neighborhood of Bellevue. Other companies contributing significantly to Bellevue's economy are Microsoft, Symetra, Pokémon, and Concur.
- ▶ Many tenants are downsizing or subleasing their spaces, contributing to shadow vacancy (leased but underutilized space). This trend is particularly evident in the Bellevue CBD.



Employment % Change from Previous Year²



I-90 Corridor Office Market KPI's¹

40.9%

Vacancy as of Q2 2025

-21K SF

net absorption in 2024

0 SF

under construction

0.7%

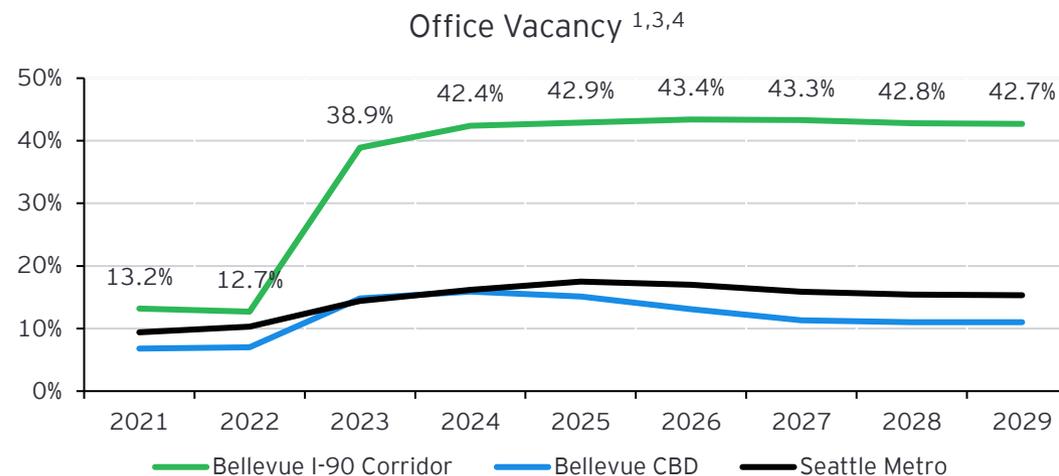
annual rent growth

Office Inventory & Vacancy Analysis

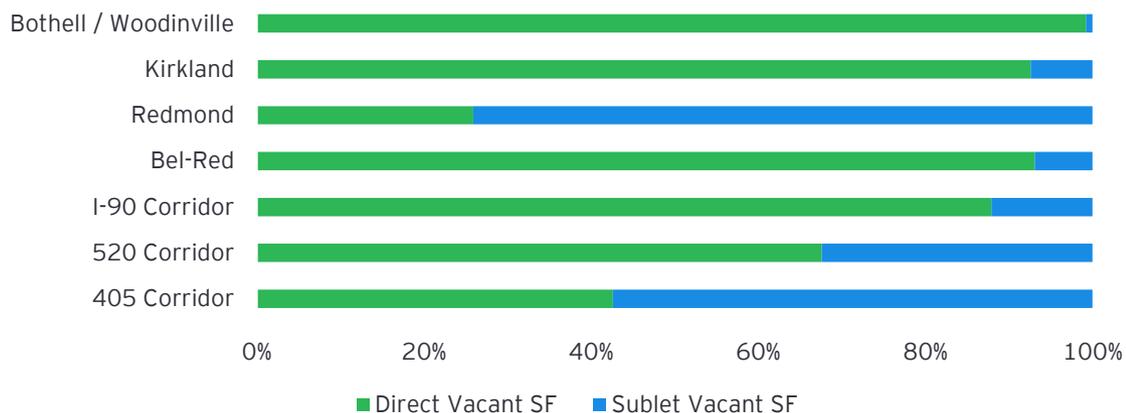
Bellevue's I-90 Corridor reached a record level vacancy in 2023 that is projected to remain steady indicating a new demand equilibrium.

Overview

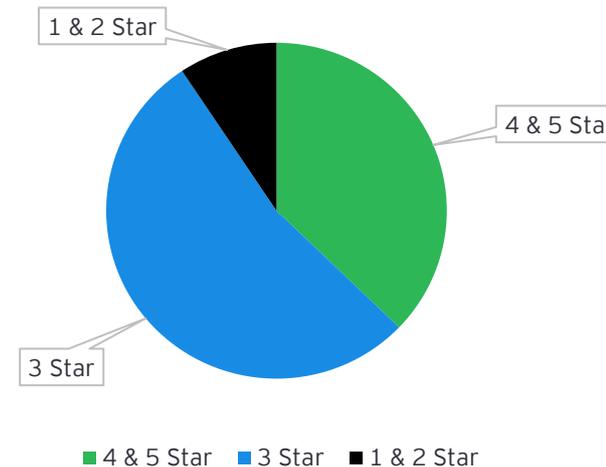
- ▶ The Eastgate and Factoria neighborhoods are in the Bellevue submarket area known as the I-90 Corridor, as these neighborhoods offer direct access to Interstate 90 to the east side of the Bellevue CBD.
- ▶ The I-90 Corridor historically has higher office vacancy rates than Bellevue CBD and the greater Seattle metro, a trend expected to continue.
- ▶ As aligned with the broader market trend of "flight to quality", there is a higher vacancy in the I-90 Corridor which is primarily made up of 3-star office properties.
- ▶ The I-90 Corridor's ratio of direct vacant space to sublease availability is above average as compared to the other Bellevue submarkets. This may be an indicator that the market has reached a stabilized office footprint demand.



Bellevue Submarkets
Direct vs. Sublease Vacancy Comparison ⁵



I-90 Corridor Office Inventory ¹



Office Distress Indicators

Investors perceive higher risk in the I-90 Corridor submarket, leading to reduced investment activity as they seek safer opportunities.

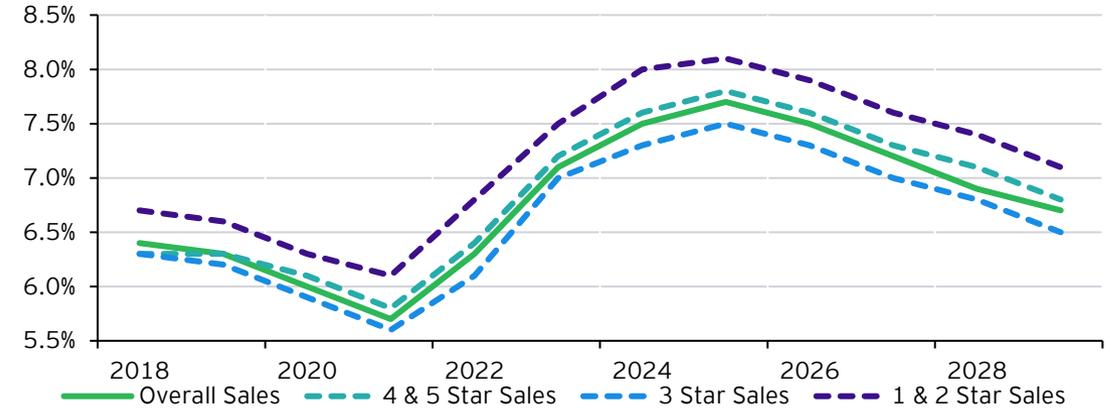
Overview

- ▶ Cap rates have increased from their all time low between 2020 and 2022, indicating higher perceived risk and lower property values. CoStar projects that cap rates will drop in the near term.
- ▶ 2021 was a strong year in the Bellevue market due to major technology firms Amazon, Microsoft, Facebook (Meta), and Google expanding their office footprints, as well as compressed interest rates and distress in the market due to covid.⁶
- ▶ Since 2021, sales have occurred at significant discounts to prior valuations and appraised values, reflecting market distress.
- ▶ There were no Office property transactions in the I-90 Corridor in 2024 and only one in 2023. The only other significant sales since 2023 have been two hotel transactions in the corridor.

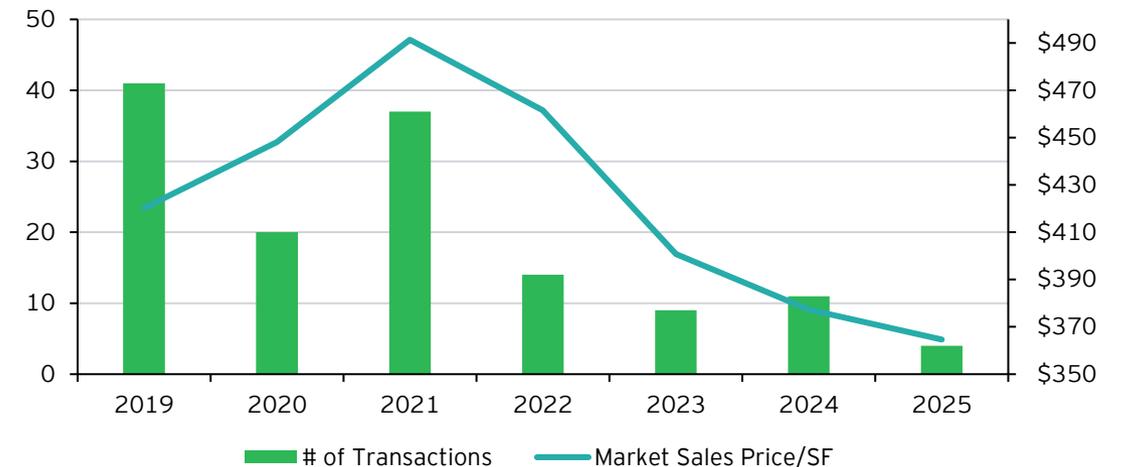
Recent Significant Sale Activity in the I-90 Corridor⁷

Name - Address ³	Asset Class	Sale Price	Sale Date
3241 156 th Ave Se	Hospitality	\$13,100,000	May 2024
3190 160 th Ave.	Office	\$18,000,000	June 2023
Eastgate Hotel - 14632 SE Eastgate Way	Hospitality	\$28,000,000	May 2023

Cap Rates in the I-90 Corridor Submarket¹



Number of Transactions & Market Sale Price per SF in Bellevue¹



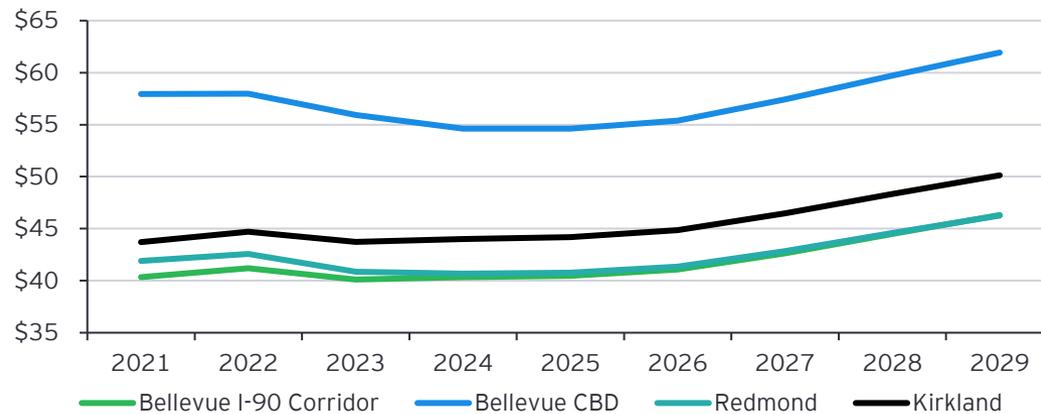
Office Leasing and Demand Trends

Leasing across all submarkets besides the CBD areas has been negatively impacted by tech industry challenges.

Overview

- ▶ In 2023, Bellevue metro experienced the largest drop in absorption, with all key submarkets showing negative absorption due to major tech industry challenges. In particular, Microsoft and T-Mobile vacated 830,000 SF of space in one year.
- ▶ Recent office leasing activity in Seattle's metro spans various industries, with tech playing a less dominant role compared to previous years.
- ▶ Corporate retail tenants such as Tommy Bahama and Walmart leased 125,000 SF and 94,309 SF, respectively, in 2024. With Tommy Bahama expanding their current footprint in the Seattle area and Walmart building out a new office location.
- ▶ Market rents for office space in the I-90 Corridor remain significantly below the average market rent for the Bellevue CBD. However, they fall in line with other prominent suburban submarkets such as Redmond and Kirkland.

Office Asking Rent by Submarket ^{1,3}



Recent Office Leasing Activity in Seattle 2024 ⁷

Tenant	Industry	Submarket	Size (SF)
Puget Sound Energy	Energy and Utilities	Bellevue CBD	134,601
Tommy Bahama	Retail	Seattle CBD	125,000
Walmart	Retail	Bellevue CBD	94,309
Warner Bros. Discovery	Tech, Advertising, Media, Information	Bellevue CBD	48,000
Williams Kastner	Legal Services	Seattle CBD	37,648
Yellow Wood Academy	Education	I-90 / East King County	24,171
Snohomish County	Government	Northend	23,417
Freestone Capital Management	Financial Services and Insurance	Seattle CBD	22,353
Paine Field Airport	Transportation	Northend	20,380
Pacific Market International	Manufacturing	Seattle CBD	19,297

Office Market Data (Year to Date 2025)

	Rent (\$/SF)	Vacancy (%)	Rent Growth YoY (%)	Inventory (SF)	Under Construction (SF)	Absorption (SF)
I-90 Corridor	\$40.42	40.9%	0.7%	5,940,448	0	90,830
4 & 5 Star	\$42.37	29.5%	-1.3%	2,208,515	0	72,791
3 Star	\$39.52	51.6%	1.9%	3,171,357	0	17,969
1 & 2 Star	\$37.84	22.9%	2.4%	560,576	0	70
Bellevue CBD	\$54.60	14.4%	-1.5%	15,081,638	0	213,272
4 & 5 Star	\$56.32	15.0%	-1.9%	13,032,214	0	200,632
3 Star	\$44.47	13.9%	1.4%	1,371,390	0	10,070
1 & 2 Star	\$38.31	5.1%	2.6%	678,034	0	2,570
Redmond	\$40.71	10.1%	-0.3%	8,480,869	0	(115,922)
4 & 5 Star	\$50.27	25.0%	-2.2%	1,419,029	0	0
3 Star	\$34.74	7.6%	1.2%	6,454,989	0	(119,321)
1 & 2 Star	\$34.60	1.0%	2.7%	606,851	0	3,399
Kirkland	\$44.11	7.0%	0.6%	5,502,086	0	(15,643)
4 & 5 Star	\$54.25	6.1%	-1.8%	1,387,595	0	(15,804)
3 Star	\$42.34	5.8%	1.4%	2,869,220	0	32,647
1 & 2 Star	\$36.90	10.4%	4.0%	1,245,271	0	(32,486)

Retail Market Overview and Vacancy Analysis

Retail vacancy remains low despite stagnant absorption and declining rents, signaling a potential oversupply in a cooling market.

Overview

- ▶ Retail vacancy in the I-90 Corridor remains below the average vacancy in Bellevue CBD and the greater Seattle Metro, a trend expected to continue.
- ▶ T&T Supermarket signed 76,000 SF of retail space in Factoria at the end of 2023 which significantly lowered the average vacancy within the submarket.
- ▶ While vacancy is projected to remain low, there is minimal retail space projected to be absorbed in the next five years in any of Bellevue's four main submarkets.
- ▶ The annual rent decrease since 2023 can likely be attributed to the high vacancy rates at the time. Similarly, it is likely that rents should increase in the near future to reflect the low vacancy rate. Yet, we expect rents to remain steady as low construction deliveries constrain the market.

I-90 Corridor Retail Market KPI's⁹

66K SF

net absorption in
2024

0 SF

under construction

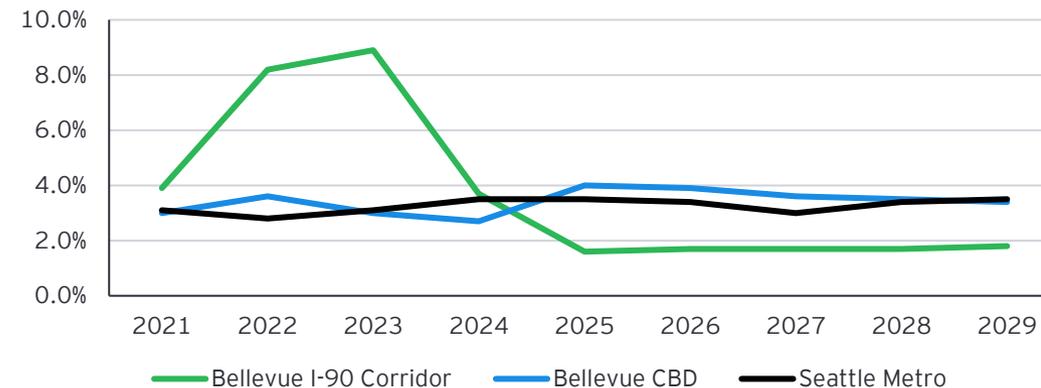
1.6%

Vacancy as of Q2
2025

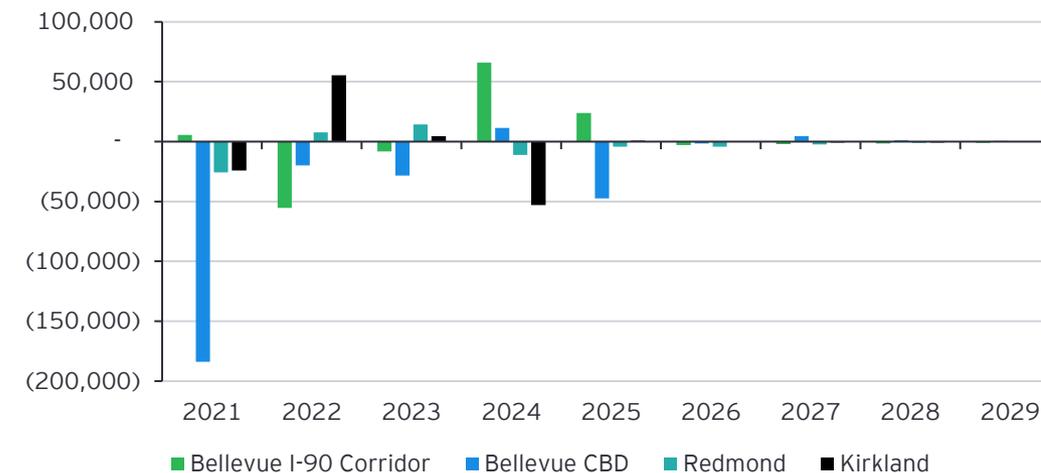
-1.6%

annual rent
growth

Retail Vacancy^{9,10,11}



Overall Absorption by Submarket (SF)^{9,10,12,13}



Retail Market Data (Year to Date 2025) ^{9,10,12,13}

	Rent (\$/SF)	Vacancy (%)	Rent Growth YoY (%)	Inventory (SF)	Under Construction (SF)	Absorption (SF)
I-90 Corridor	\$43.54	1.6%	-1.6%	1,275,178	0	26,241
Malls	\$48.29	0.0%	-2.7%	518,210	0	25,205
Neighborhood Center	\$44.23	6.0%	-2.8%	305,258	0	0
Strip Center	\$50.86	0.0%	1.2%	41,102	0	0
General Retail	\$36.31	0.6%	0.8%	410,608	0	1,036
Bellevue CBD	\$47.75	4.1%	-2.0%	3,252,781	0	(44,838)
Malls	\$51.94	1.8%	-2.2%	1,524,909	0	1,500
Neighborhood Center	\$42.49	6.6%	-2.2%	685,654	0	(9,984)
Strip Center	\$47.53	0.0%	-1.2%	128,237	0	0
General Retail	\$44.72	6.5%	-1.6%	913,981	0	(36,354)
Redmond	\$38.06	1.0%	-0.7%	2,912,064	0	2,320
Malls	\$42.50	2.8%	-2.1%	549,758	0	0
Power Center	\$41.03	0.0%	-1.7%	159,455	0	4,690
Neighborhood Center	\$50.61	0.8%	-1.2%	434,579	0	1,000
Strip Center	\$30.48	1.8%	0.2%	280,353	0	100
General Retail	\$33.86	0.4%	0.1%	1,487,919	0	(3,470)
Kirkland	\$36.03	1.4%	-0.9%	3,080,535	8,000	819
Neighborhood Center	\$33.43	2.3%	-1.7%	469,784	0	(500)
Strip Center	\$38.03	0.0%	-1.5%	443,523	8,000	3,218
General Retail	\$36.19	1.5%	-0.6%	2,167,228	0	(1,899)

Case Study - Bell Works - Holmdel, NJ

Legacy site reimaged: Bell Works spurs community revival through \$32 million in federal and \$15 million in state tax credits.

BEFORE



AFTER



IMPACT



- ▶ **Original Use:** The Bell Works building in Holmdel, NJ, originally served as the Bell Labs research and development facility, designed by Eero Saarinen and completed in 1962. It was a hub of innovation, producing breakthroughs like the microwave oven and cellular technology.¹⁴
- ▶ **Challenges:** After AT&T's divestiture and the decline of Lucent Technologies, the building became largely vacant and fell into disrepair. Challenges included high energy costs, outdated infrastructure, limited zoning flexibility, and community resistance to dense redevelopment

- ▶ **New Vision:** Somerset Development reimaged the site as a "metroburbs"—a self-contained, mixed-use suburban destination combining work, retail, and community space under one roof.¹⁵
 - ▶ Total site area: 472 acres
 - ▶ Building size: 1.9 million sq ft
 - ▶ Acquisition cost: \$27 million (2013)
 - ▶ Redevelopment cost: \$200 million
 - ▶ Completion: 2016
 - ▶ **Residential units: 700+** (surrounding the main building)
 - ▶ **Uses: Office, retail, dining, public library, event space, wellness, and co-working**

- ▶ **Economic Revitalization:** Bell Works turned a vacant corporate site into a regional business hub, attracting hundreds of companies and creating thousands of jobs.
- ▶ **Community Integration:** The project added public amenities such as a library, dining, and event spaces, making it a vibrant civic destination.
- ▶ **Architectural Preservation:** The redevelopment preserved the iconic Saarinen-designed structure, blending historic architecture with modern use.
- ▶ **Strategic Financing:** Somerset used \$32 million in Federal Historic Tax Credits, \$15 million in New Jersey Infrastructure Credits, and \$220 million in private financing to fund the transformation.

Case Study - The Bend - Plano, TX

Transforming a former mall into a mixed-use hub with 965 residences, office space, and more, supported by a strong city partnership.

BEFORE



- ▶ **Original Use**¹⁶: Opened in 2001 as a 1.4 million-square-foot enclosed mall, The Shops at Willow Bend featured anchor stores such as Neiman Marcus, Dillard's, Macy's, and Crate & Barrel. The mall included over 125 retailers, a food court, and entertainment venues like the Crayola Experience.
- ▶ **Challenges**: Despite its upscale positioning, the mall struggled with declining foot traffic, particularly after the departure of key tenants like Apple in 2019. By 2022, occupancy had fallen below 70%, prompting a need for revitalization.¹⁶

AFTER



- New Vision**: Rebranded as "The Bend," the project transforms the traditional mall into a mixed-use, open-air lifestyle destination. The project included:
- ▶ Demolition of approximately **530,000 square feet** of the existing structure.¹⁷
 - ▶ Retention and renovation of about 400,000 square feet, including anchor stores and select retail areas.¹⁹
 - ▶ Addition of **965 residential units** across three five-story buildings.
 - ▶ Construction of an **18-story hotel with 250 rooms**.
 - ▶ Development of a seven-story, **171,000-square-foot office tower**.¹⁸
 - ▶ Creation of **green spaces, a dog park, and public gathering areas**.

IMPACT



- ▶ **Economic Growth**: The redevelopment is expected to generate significant employment opportunities, including approximately 800 jobs within the new office tower alone.¹⁹
- ▶ **Enhanced Amenities**: The introduction of residential units, hospitality services, and recreational spaces aims to foster a vibrant, 24/7 community hub, aligning with contemporary urban living trends.
- ▶ **Sustainable Development**: By repurposing underutilized space and incorporating mixed-use elements, the project promotes sustainable land use and revitalizes a key area in Plano.

Footnotes

1. CoStar Q2 2025 I-90 Corridor Office Submarket Report
2. REIS Q1 2025 Bellevue Issaquah Report
3. CoStar Q2 2025 Bellevue CBD Office Submarket Report
4. CoStar Q2 2025 Seattle Office Market Report
5. Cushman and Wakefield Q1 2025 Puget Sound-Eastside Office Marketbeat
6. Puget Sound Business Journal
7. Savillis Q1 2025 Seattle/Puget Sound Office Market Report
8. Colliers Q1 2025 Eastside Office Market Report
9. CoStar Q2 2025 I-90 Corridor Retail Submarket Report
10. CoStar Q2 2025 Bellevue CBD Retail Submarket Report
11. CoStar Q2 2025 Seattle Retail Market Report
12. CoStar Q2 2025 Redmond Retail Submarket Report
13. CoStar Q2 2025 Kirkland Retail Submarket Report
14. Montgomery Planning Board Adaptive Reuse Case Study October 2024
15. <https://bell.works/new-jersey/explore/#about>
16. [Partnership Acquires 1.4-Million-Square-Foot Shops at Willow Bend in Plano, Plans Redevelopment](#)
17. [Mall overhaul: The Shops at Willow Bend redevelopment to add apartments, a hotel | Community Impact](#)
18. CoStar Q2 2025 Redmond Office Submarket Report
19. CoStar Q2 2025 Kirkland Office Submarket Report
18. [The Shops at Willow Bend: A Guide to What's Opening in 2017 - Plano Magazine](#)
19. [Shops at Willow Bend Gets \\$125M Renovation, Expansion - Commercial Property Executive](#)

Articles on Transit-Oriented Development and Corridor Redevelopment Case Studies

- [Top 10 Successful Transit-Oriented Development Case Studies](#)
- [How to Make Suburban Retrofit Projects Successful](#)
- [Commercial Corridor Redevelopment Boosts a City's Image and Finances](#)
- [Toward a pattern language of corridors | CNU](#)

Future considerations for the office, retail, and Eastgate markets

- ▶ **Office:** The City should consider a proactive approach to meet the evolving demands of the office market by promoting the development of modern, flexible workspaces that include enhanced amenities and collaborative environments. This involves revitalizing outdated office properties, encouraging mixed-use developments that blend residential, retail, and recreational options, and fostering partnerships with private developers to create innovative office solutions that attract and retain businesses.
- ▶ **Retail:** With low vacancy rates potentially leading to higher rents, the City should encourage the redevelopment and construction of new retail spaces that cater to the changing preferences of consumers. This includes supporting diverse retail offerings that enhance the shopping experience and attract foot traffic, while also considering the integration of experiential retail concepts that engage the community.
- ▶ **Eastgate:** A comprehensive revitalization strategy for the Eastgate neighborhood is essential to enhance its appeal and functionality. This strategy could focus on diversifying land use by integrating more housing options, creating vibrant parks and trails, and developing retail and entertainment spaces that meet the needs of both businesses and the community. Further exploration of the ideal mix of these uses, informed by a tailored market study and an examination of land use and ownership patterns, will be crucial. The former Boeing campus could be a potential catalytic redevelopment opportunity for educational, recreational, and mixed-use partnerships with the City. Additionally, investing in infrastructure improvements, such as the future light rail stop and pedestrian-friendly pathways, will facilitate future demand and enhance connectivity within the neighborhood and to surrounding areas. Engaging local stakeholders throughout this process will ensure that revitalization efforts align with community desires and foster a sense of ownership among property owners and residents, ultimately transforming Eastgate into a dynamic and thriving area that attracts businesses, residents, and visitors.



Community engagement summary

Stakeholder engagement approach



Stakeholder engagement provides an opportunity to gather diverse perspectives on the current state, and future possibilities, of the community.

As part of the planning process, almost **60 leaders and stakeholders** were engaged representing businesses, local government, higher education, economic development, tourism, property owners, and real estate and development sectors. In addition to one-on-one interviews and focus group conversations, a select number of stakeholders (designated as members of the Core Team, Oversight Group, and Guidance Group) are being engaged through extended workshop sessions.

Four meetings in total will be facilitated with the Guidance Group during the project to receive feedback on the planning progress, and assist with confirming top priorities, goals and opportunities along with guidance on strategies, tactics and the implementation of the strategic plan.

At the time of this report writing, the EY team has taken one trip to Bellevue to facilitate stakeholder conversations, tour the city and meet with the City team. For a broader community perspective, EY reviewed the 2020 Economic Development Strategic Plan, the Comp Plan, and other recent plans and reports to supplement stakeholder insights.

In this section, a thematic summary of stakeholder engagement is provided. Additional stakeholder insights are included in the following SWOT analysis.

19 Interviews

5 Focus groups (22 attendees)

Multiple Core Team, Oversight Group and Guidance Group meetings

Stakeholder engagement summary

Positive indicators and competitive advantages

“

Safe and clean and a high quality of life - it's our competitive advantage.

“

We're moving in the right direction. There's a spirit of optimism.

High quality of life

Stakeholders highlighted Bellevue's exceptional quality of life, marked by excellent schools, safe neighborhoods, and abundant parks and recreational opportunities. This reputation attracts residents and businesses seeking a desirable environment for employees. Bellevue's amenities, including cultural institutions, vibrant community events, and diverse dining options, enhance its appeal as a place to live and work. The city's commitment to green spaces and outdoor activities promotes a healthy lifestyle, while a strong sense of community and active civic engagement create an inviting atmosphere for families and professionals. Together, these factors position Bellevue as an attractive location for individuals and businesses looking to thrive in a supportive and enriching environment.

Economic resilience and growth potential

Stakeholders noted Bellevue's strong economic resilience, particularly in overcoming pandemic challenges. The city's diverse industries, including technology, healthcare, and retail, provide a robust economic foundation that buffers against market fluctuations. Many participants observed an increase in businesses relocating from Seattle to Bellevue, attracted by its business-friendly environment and high quality of life. This trend reflects growing confidence in Bellevue's market potential and highlights its strategic position as a hub for innovation and talent. The presence of major corporations and startups fosters a dynamic ecosystem that encourages collaboration and growth, further enhancing Bellevue's reputation as a desirable investment location.

Strategic location and accessibility

Stakeholders frequently highlighted Bellevue's strategic location in the Puget Sound region as a key advantage, offering easy access to major transportation routes and neighboring cities. This prime positioning facilitates seamless commuting to Seattle, Redmond, and other key areas, promoting collaboration among industries. Enthusiasm was expressed for the anticipated expansion of public transit options, including light rail, which will enhance connectivity for employees and visitors. Stakeholders emphasized the importance of maintaining and improving transportation infrastructure, such as roads and public transit systems, to support ongoing growth and accessibility.

Stakeholder engagement summary

Challenges and vulnerabilities

“

The biggest challenges for retention are transportation and housing.

“

The City needs to understand the financial cost for a small businesses when it takes longer to get a permit.

High cost of living and housing affordability issues

High overall costs and housing affordability pose significant challenges for stakeholders in Bellevue, affecting the local economy and the sustainability of small businesses. Many participants noted that high operating costs, particularly for rent and commercial space, hinder the growth of both new and existing businesses and raise concerns about displacement. The lack of affordable housing forces employees to commute from neighboring areas, resulting in longer travel times and increased traffic congestion. Retail and hospitality businesses struggle to attract qualified staff at competitive wages, as potential employees are deterred by the high cost of living. Addressing these interconnected challenges is essential for maintaining Bellevue's appeal to residents and businesses, requiring a focus on affordable housing initiatives and support for small businesses to foster a vibrant and sustainable community.

Difficulty navigating permitting processes for some businesses

The permitting process in Bellevue is seen by many stakeholders as challenging, slow, and expensive, creating barriers for businesses seeking to expand or establish themselves. These challenges likely create greater barriers for small businesses, who have more limited resources and tighter timelines for development. Overall, many stakeholders expressed frustration with the complexity of zoning regulations and the lengthy approval times, which can deter potential investors and hinder economic growth. Additionally, inconsistent interpretations of regulations by different city departments contribute to confusion. Stakeholders emphasized the need for a more efficient and transparent permitting system that prioritizes local businesses while maintaining safety and regulatory compliance.

Traffic congestion and limited public transportation options

Stakeholders noted that many workers commute from neighboring areas, and the lack of efficient public transportation worsens the issue. While the anticipated expansion of light rail is viewed positively, concerns remain about the timeline and effectiveness of these developments in reducing traffic. Participants emphasized that without reliable and accessible public transit, employees—especially those dependent on public transportation—may be discouraged from working in Bellevue.

Stakeholder engagement summary

Opportunities for growth

“

We need to make Bellevue cool.

“

If the City wants more arts and culture, it needs to invest in this sector.

Focus on technology and innovation sectors

Stakeholders identified significant growth opportunities in Bellevue's technology and innovation sectors, particularly in life sciences, artificial intelligence (AI), and cloud computing. The city's strategic location in the Puget Sound region, along with its existing infrastructure and talent pool, makes it an attractive hub for tech companies and startups. Major corporations like Microsoft and Amazon foster collaboration and innovation among smaller firms. Stakeholders emphasized the need for a supportive environment that includes incentives for research and development and streamlined permitting processes. Investing in workforce development programs focused on emerging technologies could equip more residents with the skills needed to meet market demands, enhancing Bellevue's economic landscape.

Investing in arts and cultural initiatives

Stakeholders expressed a strong desire for increased funding and support for local arts organizations, emphasizing that such investments are vital for enhancing Bellevue's cultural landscape and attracting tourism. They noted that initiatives like public art displays, cultural festivals, and community events foster resident engagement and pride. A thriving arts scene can significantly boost the local economy by attracting visitors seeking unique cultural experiences. Additionally, stakeholders highlighted the need for affordable and accessible spaces for artistic expression and collaboration to nurture local talent and promote a vibrant creative community. By prioritizing arts and cultural initiatives, stakeholders believe Bellevue can strengthen its reputation as a dynamic and inviting destination for residents and tourists alike.

Enhancing placemaking and infrastructure including public transit

Stakeholders emphasized the importance of enhancing placemaking and infrastructure, particularly public transit, as a key growth opportunity for Bellevue. They stressed that improving accessibility to key areas is essential for helping residents and visitors navigate and engage with the community. Well-designed public spaces, parks, trails, pedestrian-friendly pathways, and efficient transit options can significantly enhance the living and working experience in Bellevue. By prioritizing these improvements, stakeholders believe the city can create a more connected and vibrant environment that encourages social interaction, supports local businesses, and attracts tourism. They also highlighted the need for a cohesive transportation strategy that integrates various modes of transit.

A woman with long dark hair and bangs, wearing a patterned top, is writing on a whiteboard with a blue marker. In the background, a man in a blue jacket and a woman with glasses are looking towards the whiteboard. The scene is set in a modern office environment with large windows and indoor plants.

SWOT analysis

SWOT analysis

The SWOT analysis serves as a broad evaluation of Bellevue's current landscape, drawing insights from both qualitative and quantitative data collected during the data analysis and community engagement phases of the project. By integrating diverse perspectives from stakeholders, residents, and local businesses, this analysis aims to provide a holistic view of Bellevue's strengths, weaknesses, opportunities, and threats. This multifaceted approach ensures that the findings reflect the realities of the community and the unique challenges and advantages it faces.

Qualitative data was gathered through stakeholder interviews, focus groups, and city team meetings, allowing for in-depth discussions about the perceptions and experiences of those who live and work in Bellevue. These conversations revealed valuable insights into the community's values, aspirations, and concerns, highlighting the factors that contribute to Bellevue's identity. In parallel, quantitative data was collected through economic and demographic analysis, providing trends and patterns that impact the city's economic and social landscape. This combination of data sources enriches the analysis, enabling a more nuanced understanding of Bellevue's position.

The resulting SWOT analysis synthesizes these findings to identify key areas for growth and development, as well as potential challenges that may hinder progress. By examining Bellevue's strengths, such as its high quality of life and diverse economic base, alongside its weaknesses, like the high cost of living and workforce challenges, stakeholders can better understand the city's current state. This evaluation will serve as a foundational tool for strategic planning and decision-making as Bellevue continues to evolve and grow.

Strengths (positive indicators and competitive advantages)

Strengths

High quality of life

Key insight: Bellevue's high quality of life is a significant asset that attracts both residents and businesses, contributing to its economic resilience.

- ▶ Bellevue is known for its excellent schools and safe neighborhoods making it an attractive destination for families and professionals.
- ▶ The city's cultural scene, including community events and diverse dining options, enhances its appeal as a desirable location for residents and businesses.
- ▶ Bellevue also offers abundant parks, trails, and recreational activities, promoting an active lifestyle and providing residents with ample opportunities for outdoor enjoyment.

Diverse economic base

Key insight: A diverse economic base positions Bellevue well for sustained growth and stability, reducing reliance on any single industry.

- ▶ The presence of various industries, including technology, professional services, healthcare, and retail, provides a robust economic foundation that bolsters economic resilience.
- ▶ Stakeholders noted an increase in businesses relocating from Seattle, reflecting confidence in Bellevue's market potential.
- ▶ While some stakeholders expressed concerns about economic and employer diversification, Bellevue's technology sector notably includes many different sub-sectors and shows relatively strong diversity compared to benchmark communities.

Business-friendly environment

Key insight: This is a competitive advantage essential for sustaining economic vitality and attracting new businesses.

- ▶ Positive regulatory posture and supportive policies of the City Council provides a contrast to neighboring Seattle. This favorable environment not only attracts new businesses but also encourages existing companies to expand their operations.
- ▶ Pro-active City leadership is perceived as a win for businesses.

Strengths (positive indicators and competitive advantages)

Strengths

Strong community engagement

Key insight: *Bellevue's strong community engagement fosters a sense of belonging and inclusivity, making the city an attractive place that can address the evolving needs of the community.*

- ▶ Active community organizations and initiatives promote collaboration among local businesses, stakeholders, and residents, strengthening the business environment and a sense of purpose.
- ▶ A culture of civic engagement cultivates an inviting atmosphere, encouraging participation in local events and initiatives that enhance community pride and cohesion.
- ▶ The presence of diverse community groups and forums provides platforms for residents to voice their opinions and contribute to decision-making processes, helping a wide range of perspectives be considered in shaping Bellevue's future.

Strategic location and accessibility

Key insight: *Bellevue's location within the Seattle metro makes it an accessible location for workers, shoppers, and visitors.*

- ▶ Bellevue's proximity to major transportation routes and neighboring cities facilitates a wider talent pool and access to regional markets.
- ▶ The anticipated expansion of public transit options, including light rail, is expected to enhance connectivity and attract more visitors, residents, and businesses.

International population and skilled workforce

Key insight: *Bellevue is well-connected to global markets through its residents and businesses and provides a large, diverse talent pool to employers.*

- ▶ Bellevue's residents are racially diverse, and the City has a large international population.
- ▶ Bellevue businesses can hire from a highly educated, diverse talent pool inclusive of city residents and the broader region.
- ▶ Bellevue College is an asset for the region, offering 4-year degrees in specialized fields like Applied Accounting, Cybersecurity, and Nursing. It also offers professional-technical degrees and certifications along with continuing education.

Weaknesses (challenges and inhibitors)

Weaknesses

High cost of living

Key insight: *The high cost of living poses a significant challenge to attracting and retaining talent, impacting the local workforce and business operations.*

- ▶ Rising housing costs and high operating expenses make it challenging for residents and small businesses to thrive.
- ▶ The lack of affordable housing options forces many employees to commute from neighboring areas, leading to longer travel times.

Perceptions of permitting processes

Key takeaway: *Streamlining the permitting process is essential for fostering a more business-friendly environment and encouraging economic growth.*

- ▶ The permitting process in Bellevue is often described as challenging and slow, creating barriers for businesses looking to renovate, expand or establish themselves.
- ▶ Inconsistencies in zoning regulations interpretations and lengthy approval timelines can deter potential investors.

Workforce challenges particularly in retail and hospitality

Key takeaway: *Tackling staffing challenges is vital for supporting local businesses and ensuring they can meet operational demands and ensuring a pipeline for the future.*

- ▶ Difficulty in finding qualified staff for retail and hospitality jobs at competitive wages is compounded by the high cost of living.
- ▶ Potential employees may be deterred by affordability, leading to staffing shortages in sectors like retail and hospitality, and overall workforce retention issues.
- ▶ Although most tech companies can currently find skilled workforce in Bellevue, degree output from regional educational institutions is not seen as meeting hiring demand. In-migration of skilled workers from domestic and international locations has mostly filled these gaps, but as occupational demands change with technological advancements such as AI, skilled technical workforce supply may become challenged again in the future.

Weaknesses (challenges and inhibitors)

Weaknesses

Transportation challenges

Key takeaway: Addressing public transit is crucial for maintaining Bellevue's attractiveness as a business location.

- ▶ Increased traffic congestion due to rapid growth and limited public transportation options affects the quality of life and accessibility within the city.
- ▶ Stakeholders expressed concerns about the impact of traffic on employee commutes, noting that prolonged travel times can lead to decreased productivity, employee dissatisfaction, and challenges in attracting talent.

Absence of a clear tourism identity

Key takeaway: The lack of a clear and authentic tourism identity for Bellevue may hamper the City's ability to attract visitors and investment, making it essential to develop a distinct brand that showcases its unique offerings and cultural assets.

- ▶ Bellevue struggles to differentiate itself from neighboring cities from a tourism perspective, leading to missed opportunities for attracting visitors and potential investors who seek unique experiences and destinations.
- ▶ The absence of a cohesive narrative may result in fragmented marketing efforts and underutilization of local attractions. Choosing a focus, such as sports or outdoor recreation, can help guide the City's investment decisions and enhance marketing efforts.

Tax and regulatory environment

Key takeaway: Washington's increasingly non-competitive tax environment could pose significant challenges for Bellevue in attracting new businesses and expanding existing operations when faced with out-of-state competition.

- ▶ Recent changes to tax structure in Washington State may lead to increased operational costs for businesses, making it more difficult for them to thrive and compete with companies in states with more favorable business climates.
- ▶ As the perception of Washington as a less business-friendly state grows, Bellevue may face challenges in attracting new businesses and retaining existing ones, potentially hindering economic growth and job creation in the region.

Opportunities (possible initiatives and actions to explore)

Opportunities

Focus on technology and innovation sectors

Key insight: *Fostering growth in the technology and innovation sectors can position Bellevue as a leader in emerging industries and enhance its economic landscape.*

- ▶ Bellevue's strategic position as a global hub for technology and innovation presents opportunities for growth in life sciences, AI, next gen energy, and cloud computing.
- ▶ Creating a supportive ecosystem for these industries can attract new businesses and talent, driving job creation.
- ▶ Providing more industry-specific programming and networking events through StartUp425 could help foster more robust ecosystems in specific sectors like life sciences and AI.

Making permitting processes easier to navigate

Key insight: *Improving the ease of navigating permitting and regulations could help retain and grow more small businesses.*

- ▶ The City is engaged in ongoing efforts to improve ease of navigation and communication around permitting and other regulatory requirements, including the recent creation of a small business concierge position in Development Services.
- ▶ Continuing these efforts focused on small business needs could have a significant positive impact on their operations and perceptions of the City as a place open for business.

Workforce pipeline and connections

Key insight: *Strengthening workforce development efforts could help Bellevue's residents meet the demands of a changing job market and employers find talent at all skill levels.*

- ▶ Partnering with Bellevue College and others to align education and training programs with local business needs can ensure residents are equipped with the skills necessary for available and future jobs to maintain a strong pipeline.
- ▶ Attracting a 4-year research university presents a potential opportunity to address long-term workforce concerns and enhance Bellevue's position as a global hub of innovation.

Opportunities (possible initiatives and actions to explore)

Opportunities

Enhancing infrastructure and placemaking

Key insight: *Enhancing placemaking and infrastructure is essential for creating a more connected and vibrant environment that supports local businesses.*

- ▶ Improving accessibility to key areas through better placemaking and public transit can facilitate navigation and engagement within the city.
- ▶ Creating more well-designed public spaces and efficient transit options can enhance the overall experience for residents and visitors and increase foot traffic for businesses.
- ▶ Improving connections to parks and add trails to take advantage of the region's outdoor activities and natural beauty.

Leveraging Bellevue's global reputation

Key insight: *By capitalizing on its reputation for safety and quality of life, Bellevue can strengthen its branding strategy to attract visitors and businesses.*

- ▶ Bellevue can strategically leverage its reputation for safety and quality of life to attract new residents and businesses through targeted marketing initiatives that tell the Bellevue story more widely and help to target innovation-focused conferences and events.
- ▶ Collaborating with Visit Bellevue and local businesses to create a unified branding message that showcases the city's opportunities, amenities, and small business and tourism offerings.
- ▶ Focusing efforts on clarifying Bellevue's tourism identity could strengthen its destination appeal and provide a roadmap for future investments.

Investing in arts and cultural programs and initiatives

Key insight: *Investing in arts and culture could boost tourism and enhance consumer activity as well as Bellevue's vibrancy.*

- ▶ Increased funding and support for local arts and cultural organizations can enhance Bellevue's cultural landscape and attract tourism.
- ▶ Initiatives such as public art displays, community events / festivals, and activities in public or other gathering spaces can foster engagement and create a sense of pride among residents as well as opportunities for local businesses.

Threats (possible barriers and disruptors)

Threats

Economic uncertainty

Key insight: Preparing for economic uncertainty through strategic planning and diversification is essential for maintaining Bellevue's economic stability.

- ▶ Ongoing economic uncertainty, including potential recessions and market fluctuations, can deter investment and hinder growth.
- ▶ Political landscape may deter international companies from investing in the US.
- ▶ Increased hybrid and remote work will likely continue to lower demand for office space in the short-term and encourage businesses to expand some operations in lower cost locations.

Competition from neighboring cities

Key takeaway: Bellevue must continue to enhance its business environment and quality of life to remain competitive with neighboring cities.

- ▶ As Bellevue continues to grow, neighboring cities may become more competitive in attracting businesses and residents.
- ▶ The allure of lower costs and fewer regulatory hurdles in other cities could draw potential investors away from Bellevue.

Regulatory changes and other laws

Key takeaway: Staying informed and engaged with regulatory developments is crucial for mitigating risks associated with potential changes affecting local businesses.

- ▶ State and national regulations, particularly regarding taxes and business operations, can impact Bellevue's ability to support economic and community development goals. Advocacy for supportive policies may be required to unlock future strategies.
- ▶ Given Bellevue's large share of foreign-born workers, national political developments and their potential effects on employment dynamics should be monitored.
- ▶ Travel bans and other international policies may also impact visitation to Bellevue, which could affect future retail sales and tourism activity.

Threats (possible barriers and disruptors)

Threats

Budgetary and organizational considerations

Key takeaway: *The speed at which the City can achieve its many desired outcomes may be delayed without increased financial and staffing resources.*

- ▶ Addressing the many priorities raised by stakeholders, including assisting small businesses and accelerating desired redevelopment, will likely require additional resources and investment.
- ▶ With limited City budgets and competing priorities requiring investment, achieving ambitious goals may prove difficult without external investment or the exploration of new financing tools. Additionally, because Economic Development is not a standalone department, some stakeholders raised concerns that these goals and strategies may receive less prioritization and support.

Rapidly-changing technological environment

Key takeaway: *This issue presents both challenges and opportunities for Bellevue's economy, necessitating proactive strategies to innovation among local businesses to remain competitive in an increasingly dynamic landscape.*

- ▶ The rapid advancement of artificial intelligence and automation technologies may lead to workforce reductions in certain sectors, potentially resulting in job displacement and a smaller talent pool for local businesses in Bellevue.
- ▶ The fast-paced evolution of technology can create challenges for existing businesses to keep up with new innovations, leading to increased competition and the risk of obsolescence for companies that fail to adapt quickly.

Environmental concerns

Key takeaway: *Addressing environmental concerns through sustainable practices and policies is vital for preserving Bellevue's quality of life.*

- ▶ Rapid growth and development may lead to environmental challenges, including sustainability issues and loss of green spaces.
- ▶ Stakeholders noted the importance of balancing economic growth with environmental stewardship to maintain Bellevue's appeal.



Strategic priorities and considerations

Strategic priorities

As Bellevue continues to evolve in response to the dynamic economic landscape, five strategic priorities have surfaced from the research and stakeholder engagement processes: job growth, infrastructure and placemaking, workforce, affordability, and cultural, arts and entertainment options. These priorities align with the city's existing strategic themes and foundational strategies as shown on the right, emphasizing the importance of a unified approach to addressing the community's needs.

Future strategic planning discussions will explore how these strategic priorities can be further integrated into Bellevue's foundational strategies, which require the collaboration of multiple departments and represent ongoing efforts, as well as direct strategies that focus on short-term activities within the Cultural and Economic Development division of the Community Development Department.

By aligning these priorities with Bellevue's strategic themes, the updated economic development plan can foster its vision for Bellevue as a vibrant and inclusive global innovation hub fueled by a highly educated, entrepreneurial, and diverse workforce.

City of Bellevue 2020 Economic Development Plan

Strategic themes

- Collaboration
- Regionalism
- Internationalism
- Connection
- Communication

Foundational Strategies

- Providing a business climate and related infrastructure to facilitate business environment.
- Cultivating attractive and diverse districts across the city.
- Supporting the development and attraction of world-class talent.
- Continuing to make Bellevue a great place to live, work, and visit.
- Taking local and regional approaches to solving transportation challenges through innovative solutions.
- Encouraging a variety of housing choices within the city.
- Viewing all activities through a lens of diversity, equity and inclusion.

Strategic priorities

▶ Job growth

Job growth emerged as a critical priority during the research and stakeholder engagement phases, reflecting the community's desire for a robust and diverse employment landscape. Stakeholders emphasized the importance of attracting new businesses and supporting existing ones to create high-quality job opportunities in high-demand sectors such as technology and healthcare for both residents and the broader region. In addition to exploring how the City can support more proactive business attraction efforts, there is a clear desire to cultivate an environment that fosters innovation, entrepreneurship, and support for emerging sectors like energy, AI, cloud computing, and life sciences. By prioritizing job growth, the updated economic development plan can focus on strategies that promote sectors poised for expansion, ultimately contributing to a thriving local economy.

▶ Infrastructure and placemaking

Infrastructure development was identified as a key area for enhancing Bellevue's economic vitality and overall quality of life. Stakeholders highlighted the need for improved transportation options, including public transit and roadways, to facilitate easier access to employment centers and amenities. As Bellevue continues to grow, investing in infrastructure will be essential to support the increasing population and business activity. The updated economic development plan should prioritize infrastructure projects that enhance connectivity, walkability, and recreational opportunities, ensuring that the city remains competitive in attracting new businesses and residents while creating a more efficient and accessible environment. Additionally, stakeholders also emphasized the importance of placemaking in adding to the vibrancy and aesthetic appeal of neighborhoods and creating inviting public spaces.

▶ Workforce

Stakeholders highlighted the necessity of addressing the needs of small and local businesses to help equip Bellevue's residents with the skills required to succeed in a rapidly changing job market. There were concerns about filling essential retail and hospitality positions, which are vital for supporting tourism and entertainment. To maintain a healthy balance of jobs in an evolving economy including employee retention, exploring incentives to enhance the attractiveness of careers in healthcare, retail, and hospitality—such as offering childcare support—may need to be explored. Additionally, attracting a 4-year research university could play a crucial role in developing a future workforce and innovation pipeline, helping prepare residents and the City for technological change.

Strategic priorities

▶ **Affordability**

Affordability emerged as a significant concern among stakeholders, particularly in relation to housing, the cost of living, and the availability of commercial spaces for small and creative businesses. Notably, this also related to the workforce priority. As Bellevue's popularity continues to rise, the demand for housing has outpaced supply, leading to increased prices that can be a barrier for many residents. Additionally, the rising costs of commercial real estate can hinder the growth of small businesses and the creative economy, limiting opportunities for entrepreneurs and local artisans. Stakeholders expressed the need for strategies that promote workforce and affordable housing options and ensure that the community remains accessible to a diverse population. The updated economic development plan should incorporate tools and initiatives aimed at increasing the availability of affordable housing and commercial spaces, supporting mixed-use developments, and fostering partnerships with developers to create inclusive communities. By addressing both residential and commercial affordability, Bellevue can enhance its appeal as a place to live and work for individuals and families from various backgrounds while nurturing a vibrant local economy.

▶ **Cultural, arts and entertainment options**

Enhancing cultural, arts, and entertainment options is recognized as a crucial priority for improving the community's quality of life and attracting both visitors and residents. Stakeholders have highlighted the need to invest in local arts organizations, cultural events, and public spaces that encourage community engagement and creativity. There is also an opportunity to further define Bellevue's cultural and arts identity, clarifying what it should represent to foster a more vibrant community. For example, should the City focus on sports, outdoors, music, or another specific tourism niche? Similarly, when discussing cultural, arts and entertainment options, stakeholders expressed different views of what is most desirable in Bellevue, with examples ranging from the opera to bars and nightclubs. Clarifying what types of entertainment options best match Bellevue's desired cultural identity presents a unique chance to establish a clear tourism focus that can guide future investments in this area. By promoting a dynamic cultural scene, Bellevue can position itself as a destination for residents and tourists alike, ultimately supporting local businesses, tourism, and economic growth. The updated economic development plan could prioritize initiatives that celebrate Bellevue's cultural identity, support the arts, and create opportunities for community involvement, contributing to a dynamic and inclusive environment that enhances the city's overall appeal.

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