



Demand for Medical Office Space in Bellevue

Overview

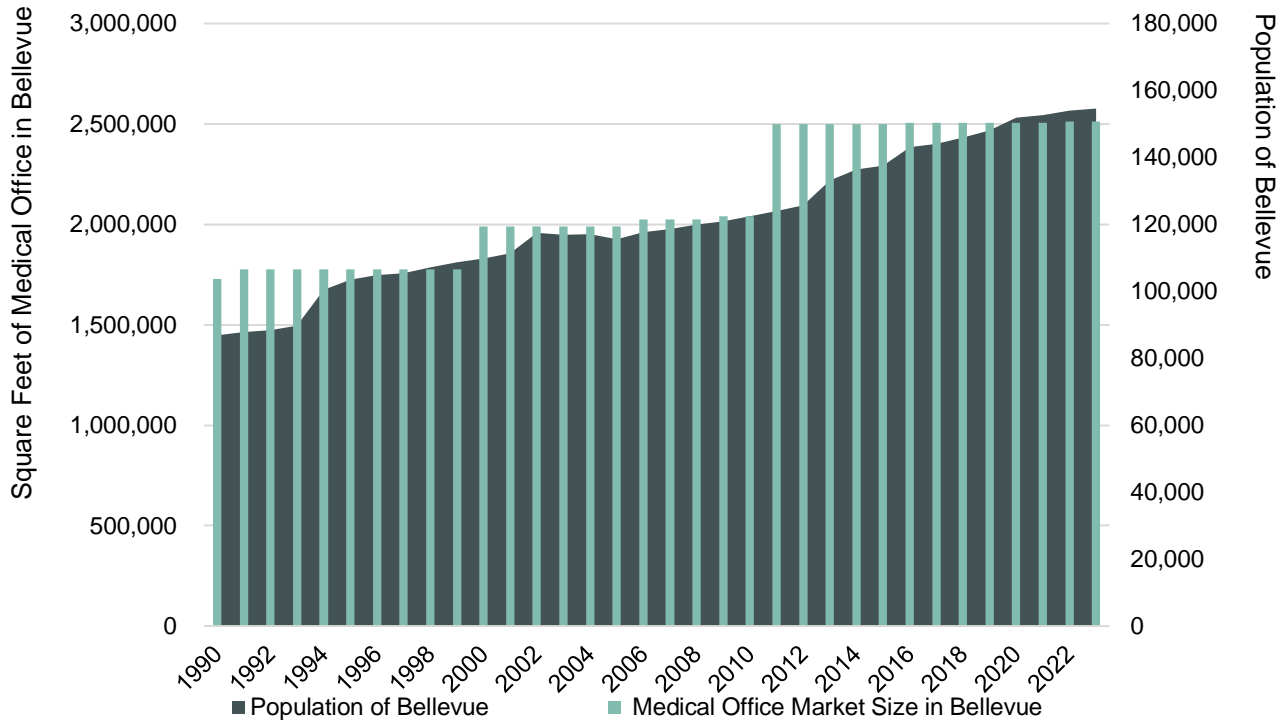
Medical offices stand as vital pillars of the City of Bellevue's healthcare infrastructure providing vital medical services to residents, high quality employment opportunities, and as key drivers of Bellevue's high quality of life. As Bellevue continues to experience rapid growth and transformation, ensuring development capacity for medical offices, medical institutions, and life science labs is a crucial consideration to ensure equitable access to healthcare, support specialized needs, and foster synergies between healthcare and Bellevue's emerging life sciences sector. Ensuring zoned capacity for medical office inventory exists proportionately to population growth and market demand is important for a variety of reasons:

- **Services for Residents:** Medical offices and institutions provide vital services to residents, ranging from primary to specialty care and services in between. Furthermore, Bellevue's medical facilities serve not only Bellevue's population, but also as a medical center for the entire Eastside region.
- **Economic Diversity:** Medical offices, medical institutions, and a potential life sciences sector serve in Bellevue as vital diversification of the City's employment base from the technology industry. They create high quality job opportunities for residents, support ancillary services such as pharmacies and laboratories, and drive innovation in medical practices via research activities. With a job growth target of 70,000, it is vital Bellevue has capacity for employment opportunities outside of tech and that do not strictly require 4-year degrees.
- **Quality of Life:** One of the primary factors driving Bellevue's high quality of life is its concentration of high-quality healthcare services for residents. Ensuring adequate capacity remains is key to maintaining Bellevue's high quality of life.

Beyond these topline goals, staff have examined specific space demands from relevant uses on these parcels; medical office, life sciences, and medical institutions as outlined below.

Medical Office Demand

Between 1990 and the present day, the inventory for medical office space in Bellevue has ranged from 16 to 20 SF per resident. Bellevue is adding *significant* residential capacity with a growth target of 70,000 new residents by 2044. The chart below shows the increase in the size of the medical office market as Bellevue's population has grown over time. Based on that data, an increase of 70,000 new residents will equate to approximately **1.1M SF** of medical office demand, putting aside regional population growth of 115,000 in neighboring communities that utilize Bellevue's medical services. For example, Overlake Medical Center's core service area includes Issaquah, Sammamish, Redmond, Kirkland, Mercer Island, Newcastle, and 8 other smaller communities. Additionally, heavy upzoning of Bellevue's commercial corridors threatens to displace smaller medical office users in other areas of the city.



Source: CBRE Research

Life Science Lab Space Demand

Bellevue’s high reliance on the technology sector for its employment base has led to much of the rapid growth in Bellevue, but also presents a strategic risk to the city. One sector that has been identified as a candidate to diversify Bellevue’s employment base is life sciences research and development, due to Bellevue’s highly educated workforce and the region’s strong institutions. This opinion is shared by many private sector organizations, with Alexandria Real Estate planning a 400,000 SF life sciences project in BelRed and Colombia Pacific Partners planning a similar campus also in BelRed. It is, however, uncertain if these will move forward as Bellevue’s code is not currently tailored for this use in those areas. Specifically, city wide code currently does not allow labs to make up more than 50% of project square footage, and other requirements around floorplate sizes and mechanical heights present difficulties. Furthermore, the life science sector benefits strongly from clustering in close proximity to medical institutions and other companies due to their specialization of workforce and infrastructure needs.

Tailoring specific code typologies to accommodate these uses and clustering them around Bellevue’s existing medical cluster will allow for the most appropriate sites to accommodate this market demand. Furthermore, staff has received requests from at least 3 private property owners in this area for zoning typologies that are suitable for life science and medical office development, indicating further market demand.

Major Medical Institution Space Demand

Over the past 4 years, the City of Bellevue has worked with multiple medical providers to locate sites within Bellevue with varying levels of success in finding suitable locations. This includes urgent cares, small medical offices, and research startups, but also includes a major regional medical institution. This medical institution was searching for a location to site a major campus (5-12 acres) to serve growing demand on the Eastside. After searching for over two years, this institution chose to abandon its search

as they were unable to locate a suitable site. This demonstrates the negative effects that occur when the City has a lack of medical office inventory to satisfy demand.

Conclusion

Demand for medical office space in Bellevue will continue to be a critical determinant of the City's healthcare accessibility, economic diversity, and strategic positioning for future growth. As Bellevue continues to see rapid urbanization and evolving healthcare needs, the significance of retaining proportionate medical office inventory to population growth is apparent. From ensuring equitable healthcare access for the entire Eastside region, to fostering innovation in medical practices and supporting the growing life sciences sector, these spaces serve as multifaceted assets essential for Bellevue's economy and quality of life. The table below highlights projected square footage needed for medical institutions, medical offices, and life sciences, demonstrating the need to maintain capacity for medical and scientific uses to accommodate Bellevue's future population growth. Additionally, it is best practice to ensure more development capacity exists than projected demand due to market effects such as barriers to redevelopment on specific parcels.

	Medical Institution	Medical Office	Life Sciences
2044 Potential Growth	0 – 1M SF	1.1M+ SF	800,000 SF – 2.0M SF

Source: CBRE Research, CED

As such, staff recommends maintaining the medical focus of the BR-MO areas as outlined in the preferred alternative land use map.