



MEMORANDUM

DATE: February 24, 2006

TO: Bel-Red Steering Committee

FROM: Kevin O'Neill, PCD (425-452-4064)
Kevin McDonald, Transportation (425-452-4558)

SUBJECT: Discussion of services and retail uses in the Bel-Red corridor project area (Agenda Item 6)

As was noted at the February 2 Bel-Red Steering Committee meeting, at the March 2 meeting we will be presenting information about local services and retail uses in the study area. As noted, one of the issues that has come up several times, including during the project scoping, is the importance of many of the services and retail uses in the study area that serve the local community. This is an important issue in helping to frame the future land use alternatives, and the discussion around this issue during the March 2 meeting should be very constructive.

We would suggest that the discussion be focused around the following questions:

- What types of retail and service uses are in the study area now? The attached document goes into more detail on this question. As noted, service uses make up approximately half of all businesses in the Bel-Red corridor at the present time. We will also have maps at the meeting which show clusters of specific businesses.
- What types of services and retail uses does the steering committee (and the community) think should be accommodated in the study area in the long term?
- Are there specific types of businesses that would be difficult to accommodate in other parts of Bellevue if they were not in the Bel-Red corridor, and if so what are they?
- What are alternative ways to accommodate services and retail uses in future planning for the Bel-Red area? These alternatives get into questions of urban form (for example, there are many ways to accommodate the same use in different types of buildings), but also open up questions of economics (rents in new, more expensive buildings would likely be much higher than they are in some of the buildings in the area now). However, increases in land values over time will likely impact rents in existing buildings even with minimal land use change.

We will plan on presenting some additional information at the meeting to help with this discussion. If you have questions or would like specific information prior to the meeting, please let us know.



Analysis of Bel-Red Corridor Businesses by Sector With a Focus on Retail and Services

Introduction

This briefing document summarizes an analysis of businesses in the Bel-Red Corridor study area by industry sector, based on 2004 data from infoUSA, Inc., a commercial supplier of databases and lists. This dataset contains about 1,500 businesses and 16,000 employees located in the Bel-Red Corridor area.

The database used in this analysis appears to reflect roughly 75 percent of businesses in Bel-Red. *Separate* data we have on *covered* employment for Bel-Red (provided by the Puget Sound Regional Council) shows about 1,100 businesses with 19,000 jobs. Covered employment refers to jobs covered by unemployment insurance. **Total employment tends to be 10 to 15 percent higher than covered employment and is likely at least 21,000 in the Bel-Red Corridor.** (Steering Committee members may recall that the covered employment dataset was the source for the analysis on 1995 to 2003 trends in employment that Steering Committee members received earlier as part of the project's "Supplemental Notebook.") However, the fact that the infoUSA data is not limited to covered employment makes it a richer source for analyzing the diverse businesses in Bel-Red, which include many small businesses.

The analysis summarized here is based primarily on the number of businesses (i.e., business locations) in the study area by business sector. Employment figures associated with business sectors are also provided.

While the analysis encompasses all sectors, it looks at the Retail and Services sectors most closely. The analysis starts at the broad super-sector level, then looks at industry sectors specific to Retail and Services sectors. The analysis concludes with a section looking at how industry sector concentrations in Bel-Red compared with Bellevue as a whole.

More detailed tables showing information at a sub-sector level will be provided at the Steering Committee meeting. For industry sub-sectors that are more concentrated in Bel-Red, this will include how many businesses in those sectors there are elsewhere in Bellevue. We also hope to display a series of maps at the meeting showing where businesses in different sectors are located within the Bel-Red Corridor

Broad Industry Super-Sectors

Bel-Red's business composition by industry super-sectors is shown in the pie chart on the following page.

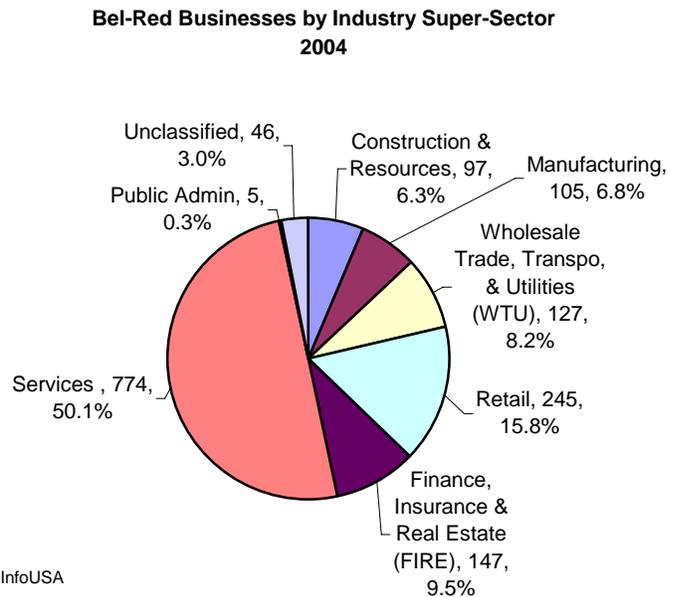
- Close to 800 businesses, or slightly more than half of all businesses listed by infoUSA in the Bel-Red Corridor are part of the Services category.
- The FIRE (Finance, Insurance, and Real-Estate) category is frequently combined with the Services sector itself in a more broadly-defined group of service businesses. ***Combined, businesses in the FIRE and Services categories represent almost 60 percent of Bel-Red Businesses.***



- The next largest industry category after Services is Retail. Almost 16 percent of Bel-Red businesses are Retail establishments.

The proportional contributions of each industry group to Bellevue's industry composition vary somewhat based on whether one is looking at number of businesses or number of jobs.

- While also the largest sector on an employment basis, the Services category contributes a smaller percentage of employees than it does businesses (37% of employees compared to 50% of businesses). This is due to the fact that the average number of employees is somewhat smaller for Bel-Red Service establishments (particularly those in Information; Professional, Scientific, and Technical Services; Health Care and Social Assistance; and the miscellaneous "Other Services category") than for Bel-Red businesses overall.



- Retail is the second largest industry category based on the number of jobs as well as the number of establishments. Unlike the Services sector, Retail contributes a higher percentage of jobs (22%) than it does business establishments (16%). This is largely due to the presence of grocery stores, several new car dealers, and a department store in Bel-Red that have relatively large numbers of employees. It also is due to 400 of Safeway's employees in Bel-Red being categorized as retail grocery store employees in the infoUSA dataset.

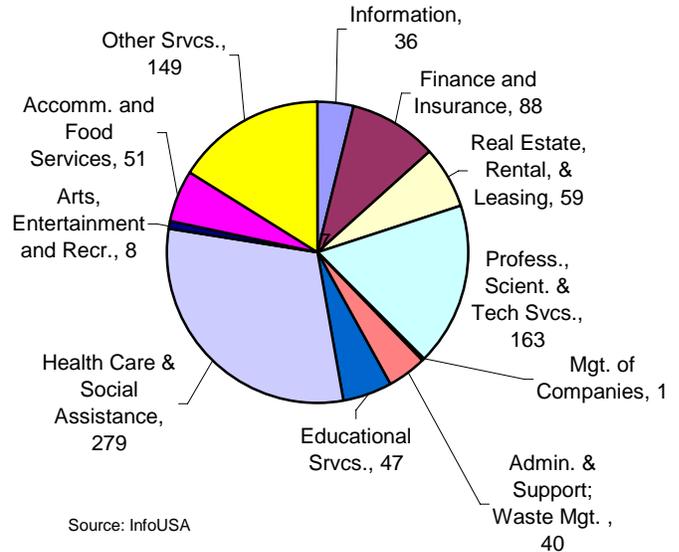
Businesses and Employment by Industry Super-Sector Bel-Red Corridor Study Area, 2004				
	Number of Businesses in Bel-Red	Share of Bel-Red Businesses	Number of Employees in Bel-Red	Share of Bel-Red Employees
TOTAL (in infoUSA)	1,546	100.0%	16,243	100%
Construction and Resources	97	6.3%	1,562	9.6%
Manufacturing	105	6.8%	2,143	13.2%
Wholesale Trade, Transpo., and Utilities (WTU)	127	8.2%	1,107	6.8%
Retail	245	15.8%	3,588	22.1%
Finance, Insurance, & Real Estate (FIRE)	147	9.5%	1,793	11.0%
Services	774	50.1%	5,942	36.6%
Public Administration	5	0.3%	9	0.1%
Unclassified	46	3.0%	99	0.6%

Source: InfoUSA, ESRI

FIRE and Services Businesses

- The largest FIRE/Services industry sector in terms of number of businesses is the **Health Care and Social Assistance** sector—279 businesses in this sector, representing **18% of all businesses in Bel-Red**. Many of these are near Overlake Hospital. Due to the relatively low average number of jobs per Health Care & Social Assistance establishment, the contribution of this sector to employment is somewhat lower—about 11%.
- The other largest specific categories of FIRE/Services businesses in Bel-Red, based on business numbers are **Professional, Scientific, and Technical Services—163 businesses** (11% of all Bel-Red businesses); **Finance and Insurance—88 businesses** or 6% of Bel-Red businesses, and **Real Estate, Rental, and Leasing—59 businesses** (4% of Bel-Red businesses).

**Bel-Red FIRE & Services Businesses by Sector
2004**



- **Services related to motor vehicles** such as auto repair, maintenance, and car washes, **are a substantial fraction of the Service sector in Bel-Red. These 58 businesses** are part of “Other Services” (and represent 4% of businesses in Bel-Red).
- In the new NAICS coding system, restaurants and bars are categorized as part of Services. There are **51 Bel-Red businesses in Accommodation & Food Service**, 42 of which are limited service restaurants.
- In addition to businesses coded under the Services category, **Bel-Red also has many companies in other sectors oriented to serving other businesses** (e.g., 20 Printing businesses in Manufacturing).

FIRES and Services Businesses and Employment by Sector Bel-Red Corridor Study Area, 2004				
	Number of Businesses in Bel-Red	Share of Bel-Red Businesses	Number of Employees in Bel-Red	Share of Bel-Red Employees
TOTAL FIRES and Services (in infoUSA)	921	59.6%	7735	47.6%
Finance, Insurance, and Real Estate (FIRE)	147	9.5%	1,793	11.0%
Finance and Insurance	88	5.7%	1,003	6.2%
Real Estate and Rental and Leasing	59	3.8%	790	4.9%
Services	774	50.1%	5,942	36.6%
Information	36	2.3%	246	1.5%
Professional, Scientific, & Technical Svcs.	163	10.5%	1,001	6.2%
Mgt. of Companies and Enterprises	1	0.1%	7	0.0%
Admin. & Support and Waste Mgt.	40	2.6%	372	2.3%
Educational Services	47	3.0%	369	2.3%
Health Care and Social Assistance	279	18.0%	1,856	11.4%
Arts, Entertainment, and Recreation	8	0.5%	173	1.1%
Accommodation and Food Services	51	3.3%	1,036	6.4%
Other Services	149	9.6%	882	5.4%

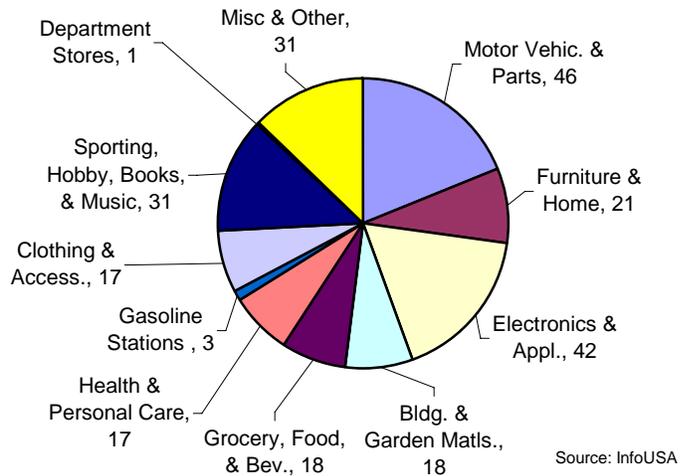
Source: InfoUSA, ESRI

Retail Businesses

A diverse combination of retail businesses is located in Bel-Red.

- **The largest categories of Retail businesses are Motor Vehicle and Parts Dealers**—46 businesses (about 3% of all Bel-Red businesses). Adding in the related Services businesses, we find that **businesses involved in motor vehicle sales or service are about 7% of Bel-Red businesses.**
- The next largest groups of Bel-Red businesses in the Retail sector are **Electronic and Appliance Stores**—42 businesses (~3% of Bel-Red businesses), and **Furniture and Home Furnishings**—21 businesses (~1% of Bel-Red businesses). Furnishings retailers (and wholesalers, categorized under WTU) complement the almost 100 Bel-Red businesses in the Construction sector, many of which are involved in construction or remodeling of homes.
- Several Retail sectors tend to have small numbers of employees per business location. However, as previously mentioned, the location in Bel-Red of a number of retail establishments with relatively high numbers of employees (grocery stores, new car dealers, and a department store) translate into the Retail sector contributing a greater share of Bel-Red’s jobs than business locations.

**Bel-Red Retail Businesses by Sector
2004**



Retail Businesses and Employment by Sector Bel-Red Corridor Study Area, 2004				
	Number of Businesses in Bel-Red	Share of Bel-Red Businesses	Number of Employees in Bel-Red	Share of Bel-Red Employees
Retail Trade	228	15.8%	3,588	22.1%
Motor Vehicle and Parts Dealers	46	3.0%	1,304	8.0%
Furniture and Home Furnishings Stores	21	1.4%	142	0.9%
Electronics and Appliance Stores	42	2.7%	775	4.8%
Building Matl. & Garden Equip./Supp. Dirs.	18	1.2%	144	0.9%
Food and Beverage Stores	18	1.2%	601	3.7%
Health and Personal Care Stores	17	1.1%	93	0.6%
Gasoline Stations	3	0.2%	27	0.2%
Clothing and Clothing Accessories Stores	17	1.1%	83	0.5%
Sporting Gds., Hobby, Book, & Music Stores	31	2.0%	181	1.1%
General Merchandise Stores	1	0.1%	28	0.2%
Misc. Store and Other	31	2.0%	210	1.3%

Source: InfoUSA, ESRI

Industry Sectors Concentrated in Bel-Red

The table to the right shows how sector shares of businesses in Bel-Red compares to those in Bellevue as a whole. In the table, a **Bel-Red to Bellevue business concentration ratio of more than 1.0** means that the sector contributes a higher percentage share of businesses in Bel-Red than it does in Bellevue as a whole.

Compared with Bellevue as a whole, **Bel-Red has larger proportional concentrations of businesses in the following super-sectors:**

Business Concentrations by Industry Super-Sector Bel-Red Corridor Compared to Bellevue as a Whole, 2004			
	Share of Bel-Red Bus.	Share of Bellevue Bus.	Bel-Red to Bellevue BCR*
Construction and Resources	6.3%	5.4%	1.17
Manufacturing	6.8%	3.7%	1.85
Wholesale Trade, Transpo., and Utilities (WTU)	8.2%	5.9%	1.39
Retail	15.8%	14.4%	1.10
Finance, Insurance, & Real Estate (FIRE)	9.5%	15.7%	0.61
Services	50.1%	50.6%	0.99
Public Administration	0.3%	1.1%	0.29
Unclassified	3.0%	3.3%	0.91
*BCR = Business Concentration Ratio Source: InfoUSA, ESRI			

Construction and Resources, Manufacturing, Wholesale Trade, Transportation and Utilities (WTU), and Retail. While Manufacturing represents a relatively small proportion of businesses in Bel-Red as well in Bellevue as a whole, these businesses are almost two times (1.85 times) as concentrated in Bel-Red as in Bellevue generally. On the other hand, while Retail businesses represent a large proportion of businesses both in Bel-Red and Bellevue, they are only somewhat more concentrated in Bel-Red than in Bellevue as a whole. The bullets below highlight specific sectors that within each of these industry super-sectors that are themselves more highly concentrated in Bel-Red at that contribute the most to concentrations at the super-sector level.

- **Construction and Resources**—Bel-Red’s business concentration is higher than Bellevue’s in this super-sector primarily due to Bel-Red’s proportionally large shares of Residential Building Construction firms and Specialty Trade Contractors.
- **Manufacturing**—Most Manufacturing sectors present in Bellevue have higher concentrations of businesses in Bel-Red than in Bellevue as a whole. Some key examples are Printing and Related Support Activities, Machinery Manufacturing, Computer and Electronic Product Manufacturing, and Medical Equipment and Supplies Manufacturing.
- **Wholesale Trade, Transportation and Utilities (WTU)**— Sectors contributing to Bel-Red’s relatively high WTU concentration are Durable Goods wholesalers (e.g., Home Furnishing; various Equipment and Supplies sectors; and Electrical and Electronic Goods) and Warehousing and Storage.
- **Retail**—This is largely due to concentrations in Bel-Red of Motor Vehicle and Parts Dealers, and to a lesser degree to Bel-Red’s concentrations of Furniture and Home Furnishings, Building Material and Supplies Dealers, Sporting Goods Stores, and Health and Personal Care Stores.

(continued)

On an overall basis, Service businesses are about equally concentrated, representing just slightly more than half of the businesses in both Bel-Red and Bellevue. FIRE is less concentrated in Bel-Red than in Bellevue as a whole. However, there are several specific sectors *within* the Services and FIRE categories that have stronger concentrations of businesses in Bel-Red than in Bellevue overall:

- **Services**
 - In Information: Publishing; Data Processing and Related Services; and Other Information Services
 - In Professional, Scientific, and Technical Services: Specialized Design Services, and Advertising and Related Services
 - Educational Services
 - Health Care and Social Assistance: Medical and Diagnostic Laboratories, Offices of Physicians, Dentists, and Other Health Care Practitioners; Ambulatory Health Care Services, Individual and Family Services
 - Other Services: Automotive Repair and Maintenance, and several other types of repair and maintenance industries including those servicing Electronic and Precision Equipment; Personal and Household Goods, and Commercial and Industrial Machinery and Equipment; Dry-cleaning and Laundry Services; and Personal Care Services
- **FIRE**
 - Rental and Leasing Services
 - Insurance Carriers