7 economics
7. Economics

7.1 Business Types and Trends

Data on business types and employment within the Eastgate Mixed Use Employment Center were supplied by the Puget Sound Regional Council based on the Washington State Employment Security Department’s (ESD) Quarterly Census of Employment and Wages (QCEW) series. This series consists of employment for those firms, organizations and individuals whose employees are covered by the Washington Unemployment Insurance Act. Covered employment excludes self-employed workers, proprietors, CEOs, etc., and other non-insured workers. Typically, covered employment has represented 85-90% of total employment. These employment data represent the number of jobs during March of the given year. Note that this includes part-time and temporary employment, and if a worker holds more than one job, each job is counted.

Information about major employers within each sector and business locations was gathered from employment data provided by InfoUSA and from conversations with individual businesses.

Employment Distribution

As of March of 2009 the study area housed over 22,000 covered employees and an estimated 23,400 total employees, representing about 17 percent of the city’s overall employment. Similar to employment sector distributions citywide and downtown, the majority of Eastgate’s employment is within the service sector, which comprises over 59 percent of the area’s total employment (Table 1 and Figures 18, 19, and 20).

Eastgate also has a relatively large proportion of manufacturing employment (16%) compared to the city’s 4 percent and downtown’s 1 percent. However, it has smaller proportions of FIRE and retail employment than the city and especially the downtown.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Eastgate</th>
<th>Downtown</th>
<th>Citywide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance, Insurance and Real Estate (FIRE)</td>
<td>1,338</td>
<td>639</td>
<td>12,072</td>
</tr>
<tr>
<td>Construction and Resources (Const/Res)</td>
<td>850</td>
<td>639</td>
<td>5,501</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>12,072</td>
<td>12,028</td>
<td>74,624</td>
</tr>
<tr>
<td>Retail</td>
<td>4,910</td>
<td>12,028</td>
<td>12,072</td>
</tr>
<tr>
<td>Services</td>
<td>22,097</td>
<td>35,937</td>
<td>126,972</td>
</tr>
<tr>
<td>Wholesale Trade, Transportation, and Utilities (WTU)</td>
<td>12,072</td>
<td>12,028</td>
<td>74,624</td>
</tr>
<tr>
<td>Public administration</td>
<td>3,915</td>
<td>4,019</td>
<td>8,731</td>
</tr>
<tr>
<td>Public Educational services</td>
<td>4,019</td>
<td>4,019</td>
<td>8,731</td>
</tr>
<tr>
<td>Total</td>
<td>22,097</td>
<td>35,937</td>
<td>126,972</td>
</tr>
</tbody>
</table>

The majority of covered employees in Eastgate worked in the service sector, comprising 59% of the area’s total employment. The manufacturing sector had 16% of employment, while the FIRE sector had 15%. Retail employment was 9%, and public administration was 4%. Services had the largest share, followed by manufacturing, FIRE, and retail. The employment distribution among these sectors was similar in downtown and citywide, with manufacturing having a larger share in downtown.

Figure 18. Eastgate employment by sector

Figure 19. Downtown employment by sector

Figure 20. Citywide employment by sector
Overall, employment within Eastgate grew by over twelve percent since 2000. However, employment levels fluctuated over the decade (Figure 21). After increasing by about nine percent from 2000 to 2001, employment dropped seven percent the following year and then remained fairly constant through 2006 before growing again in 2007 and 2008. With the onset of the recession employment declined three percent in 2009 (Figure 21). These changes were fairly consistent with changes in employment citywide and within downtown Bellevue. However, the city and especially the downtown saw much higher rates of growth from 2004 to 2006. Downtown also escaped a decline in employment in 2009 due to a large influx of Microsoft employees, some of which moved from Eastgate’s Advanta complex.

Change within Eastgate’s employment sectors differed over the decade as well (Figure 22). The service and finance, insurance, and real estate sectors witnessed the most growth, especially information, health care, social assistance and private educational services. Whereas retail, manufacturing and public administration all saw declines in employment.

Employment trends within each major sector and corresponding subsectors are described below. Please see Appendix Tables 1 and 2 for employment and workplace estimates by 2-digit NAICS code subsector categories from 2000 to 2009.

7.2 SERVICE SECTOR EMPLOYMENT

Comprising 59 percent of all covered employment within Eastgate in 2009, service sector employment made up of the large majority of jobs within Eastgate. Since 2000, service sector employment has experienced two growth spurts followed by smaller declines resulting in an overall increase of over 48 percent (Figure 23). After increasing by over 35 percent in the first year of the decade, service sector employment declined by almost 20 percent from 2001 to 2004 before rising again in 2005. From 2005 to 2007 employment shot up over 33 percent, and in 2008 employment continued to rise albeit more slowly. In 2009 with the onset of the recession service sector employment fell two percent. These trends were fairly consistent with trends witnessed citywide and within downtown Bellevue (Figure 24). However, Eastgate experienced a much higher rate of service employment growth in 2000, and then it took a bit longer to recover from the recession in 2002. The rate of growth in 2006 and 2007 was also slightly higher in Eastgate than in the city and in downtown. Trends and employers within individual service subsectors are described in greater detail below.

As illustrated in Figure 24, the service sector covers a broad range of businesses. Businesses providing information services were the largest employers in Eastgate in 2009 with over 6,600 jobs representing 37 percent of Eastgate’s employment. Information services include newspapers, motion picture recording and broadcasting studios, telecommunications, publishers, as well as software publishers. Information service businesses are scattered east to west, but are generally located in close proximity to I-90. Major information sector employers include T-Mobile, Verizon Wireless, and Microsoft. Other smaller firms included Fox Sports Northwest, Real Com Assoc, and Liberty Sports Group. Information sector employment within Eastgate fluctuated between 5,000 and 7,000 between 2000 and 2008, but in 2009 employment grew to over 8,100.

In 2006 through 2008 administrative and support and waste management and remediation service employers comprised the third largest share of employment within Eastgate, but in late 2008 Expedia moved their corporate headquarters to downtown Bellevue resulting this sector comprising less than two percent of Eastgate employment. These businesses are scattered throughout Eastgate except for in the northeast corner. Major employers include Lynx Medical Systems, Kelly Health care Resources, and the Office Team. After doubling from 2001 to 2008, employment in this sector dropped 83 percent from 2008 to 2009.

Professional, scientific and technical services, which includes legal, accounting, architectural and engineering, design, computer system design, scientific research, and other services, employed over 1,400 people within Eastgate in 2009. Offices are scattered east to west generally north of and in close proximity to the I-90 corridor. Major employers include Healthways, Dex, Routh Crabtree Fennell CPC, Askme Corp., Exponent, Lionbridge, Gary Struthers Assoc, After Hours Animal Clinic, and Aero Wood Animal Hospital. Employment in this sector has fluctuated greatly since 2000, but overall it has grown by about 13 percent.

Health care and social assistance employers employed over 1,300 employees in 2009. Offices are scattered east to west and to the south and are generally found in close proximity to the I-90 corridor. Major employers include Healthways, Dex, Routh Crabtree Fennell CPC, Askme Corp., Exponent, Lionbridge, Gary Struthers Assoc, After Hours Animal Clinic, and Aero Wood Animal Hospital. Employment within this sector grew from 2002 to 2006 by about 45 percent, but since then employment has tapered by about five percent.

Accommodation and food service business jobs comprise just over four percent of Eastgate’s employment and have declined over 20 percent since 2000. Major accommodation businesses in Eastgate include the
Embassy Suites Hotel, the Silver Cloud Inn, Days Inn and the Eastgate Motel.

Though representing a very small percentage of employment with Eastgate, employment within the management of companies and enterprises subsector increased by almost 500 percent between 2001 and 2003, but since 2003 it has fallen over 50 percent.

### 7.3 Manufacturing Sector Employment

Comprising over 16 percent of all employment with roughly 3,500 jobs, manufacturing employment has remained fairly steady in Eastgate since 2000, declining by about 16 percent. It declined by 12 percent in the first year of the decade followed by modest increases in 2002 and 2003. Then, between 2004 and 2007, manufacturing employment declined again by 20 percent, before increasing 10 percent in 2008 and another three percent in 2009. These trends mostly mirrored citywide trends in manufacturing employment. However, Eastgate missed out on the slight uptick in manufacturing employment witnessed citywide during 2005 and 2006. It made up for this partially with a higher rate of growth from 2007 to 2009.

The manufacturing of metal, furniture, electrical, appliance, and transportation equipment subsector was the second largest employer in Eastgate in 2009 with over 3,200 jobs. However, the classification of most of these employees as part of the manufacturing sector is in many ways a misnomer since most of the employees who work for the largest employer, Boeing, are not directly involved in the fabrication of transportation equipment within Eastgate. For instance, Boeing’s Shared Services Group, which provides people services and benefits, security and fire protection, transportation, facilities, payroll, travel services, property management and purchases non-production goods and services, is located at Boeing’s Eastgate site.

Most manufacturing businesses, except Boeing, are clustered along SE 30th Street and in the northwestern part of Eastgate. However, others are located south of I-90. Other major manufacturing employers in this subsector include Printed Circuits Assembly Corporation and H.D. Fowler Company. Printed Circuits Assembly Corporation was established in 1984 and manufactures bare printed circuit boards. H.D. Fowler Company is a family-owned distributor of waterworks, irrigation, pumps and wastewater treatment equipment.

Declines in employment that were experienced by the manufacturing of metal, furniture, electrical, appliance, and transportation equipment subsector were not experienced in the other two manufacturing subsectors. Though consisting of much smaller percentages of overall jobs, employment within these two subsectors increased from 2000 to 2009.

The manufacturing of wood, paper, printing, petroleum, and chemical product subsector had a high rate of growth in the middle of the decade, but employment has fluctuated since. Major employers in this sector include CCS Printing and Ricoh Business Solutions.

The manufacturing of food, textiles, clothing, shoes, and leather subsector comprises only a very small fraction of Eastgate employment, yet from 2000 to 2007 employment within this subsector increased by over 28 percent. One of the major employers in Eastgate in this subsector is Topline Corporation, a shoe manufacturer. Located on SE 32nd Street, its corporate headquarters serves as the base of design and operations for its satellite offices.
7.4 **FINANCE, INSURANCE, AND REAL ESTATE (FIRE) SECTOR EMPLOYMENT**

Employment within the FIRE sector comprised just over six percent of Eastgate employment in 2009, with just over 1,300 jobs. Due to the relatively small number of FIRE workplaces in Eastgate, FIRE employment trends appear more volatile in Eastgate than they do citywide or in the downtown. For instance, the rate of FIRE employment change within Eastgate was higher in 2003 and 2004 and lower in 2005 than it was citywide. From 2006 to 2008, Eastgate’s FIRE employment trends were opposite from citywide and downtown trends. In Eastgate, FIRE employment decreased in 2006, while it increased citywide and downtown; and in 2007 and 2008 it increased in Eastgate while it decreased citywide and downtown. However, in 2009 FIRE employment within Eastgate declined as it did citywide and within the downtown. Overall, FIRE’s employment within Eastgate has experienced over 40 percent growth since 2000. Greater detail about each subsector is provided below.

Finance and insurance businesses represented four percent of employment within Eastgate in 2009 with over 900 employees. Northwest Trustee Service is one of the largest employers in Eastgate within this subsector. Employment within this subsector has fluctuated for the past several years, but overall has grown by about 14 percent since 2000.

Real estate and rental leasing employment has consistently represented less than three percent of employment with Eastgate, and since 2000 it has decreased by almost nine percent.

7.5 **WHOLESALE TRADE, TRANSPORTATION AND UTILITIES (WTU) EMPLOYMENT**

The WTU sector comprised five percent of all employment within Eastgate in 2009. Overall, this sector witnessed a 14 percent increase in employment from 2000 to 2009. However, employment trends were different within the different WTU subsectors as described below.

Wholesale trade employers employed over 1,000 employees in Eastgate in 2009. Locations are scattered mainly in the western and northern parts of Eastgate. Major employers include, Topline Corporation, Sun Microsystems, EMC Corp., Seattle Aero Inc, and Bio Control Systems Inc. Employment within this subsector has fluctuated for the past several years, but overall has grown by about 14 percent since 2000.

The transportation and warehousing subsector saw around a 30 percent decline in employment from 2000 to 2008, but then nearly doubled in 2009. Cost-U-Less, located in the center of Eastgate just south of I-90, is one of the largest employers in this subsector.

The only utility employer in Eastgate is Puget Sound Energy, which is located along SE 30th in the northwest corner of Eastgate. Employment information for this subsector was suppressed due to PSE being the only utility business within Eastgate.
7.6 PUBLIC EDUCATION SECTOR
EMPLOYMENT
Bellevue College, located in the center of Eastgate, employed almost 1,000 covered employees in 2009, almost five percent of Eastgate employment. The college also employed another 500 people in positions not covered by unemployment insurance. After increasing by 92 employees from 2000 to 2002, from 2003 to 2007 employment at Bellevue College decreased by almost the same amount. Then from 2007 to 2009 employment shot back up increasing by over 12 percent.

7.7 CONSTRUCTION SECTOR
EMPLOYMENT
With 850 employees construction businesses employed almost four percent of Eastgate employees. Clark Construction and Quadrant Homes are the largest employers within this sector. Employment in the construction sector fluctuated between 500 and 1,000 employees from 2000 to 2009.

Figure 28. Percent change in public education sector covered employment from 2000 to 2009.

Figure 29. Percent change in construction sector covered employment from 2000 to 2009.
7.8 RETAIL SECTOR EMPLOYMENT

Retail employment within Eastgate fell from ten percent of Eastgate employment in 2000 to less than four percent in 2009. Employment within the retail subsector consisting of autos, furniture, electronics, clothing, and other sales fell fairly steadily during the decade decreasing by 53 percent overall. However, from 2008 to 2009 employment increased by 27 percent. After rising over 60 percent from 2000 to 2002, employment in the retail subsector consisting of sporting goods, book, office and general merchandise sales fell by over 85 percent from 2003 to 2009.

Major retail sector employers within Eastgate are Michael’s Toyota, Honda Auto Center, Chaplin’s Automotive Group, and Albertsons.

7.9 PUBLIC ADMINISTRATION SECTOR EMPLOYMENT

Since 2000 employment within the public administration sector declined over 35 percent. The Washington State Department of Ecology and King County Public Health are the only public administration employers in Eastgate. Both are located north of I-90 near 156th and 148th.

7.10 WORKPLACES WITH COVERED EMPLOYEES

Overall the number of workplaces with covered employees within Eastgate grew steadily from 2000 to 2008, an increase of over 31 percent, yet in 2009 it declined by four percent. Professional, scientific and technical services firms, finance and insurance firms, information firms, and wholesale trade firms were the four subsectors with the largest number of workplaces in 2009 making up almost half the workplaces within Eastgate combined. However, several businesses within the health care and social assistance, retail trade, and transportation and warehouse sectors were underrepresented in the PSRC data when comparing workplace data from InfoUSA with data from PSRC. This is most likely due to their being several workplaces without covered employees.
7.11 VACANCY RATES

Office
After gradually falling from a high of 22.1 percent in the second quarter of 2003 to a 5.8 percent in the third quarter of 2006, office vacancy rates within Eastgate hovered between six and seven percent until the third quarter of 2008 (Figure 32). Then in the fourth quarter of 2008 office vacancy rates shot up to 16.4 percent and continued to rise until they peaked in the first quarter of 2010 at 17.8 percent. Rates have been lower since then and during the fourth quarter they were down at 13.4 percent. These fluctuations mirrored Class A Office vacancy rates most closely. Class B Office vacancy rates generally remained below twelve percent until the third quarter of 2010 when rates increased and peaked at 16.3 percent in the second quarter of 2010 (Figure 34). During the fourth quarter to date the rate is again down around ten percent. There is also a small amount of Class C Office space within Eastgate. However, due to the small amount of data on Class C Office space, data for this class may not be reflective of overall Class C trends within Eastgate.

Industrial
Vacancy rates for industrial space remained under six percent from the first quarter of 2006. In 2007 and the first half of 2008 rates picked up, reaching an all time high of over $29 per square foot. Asking rates were slow to recover after vacancies peaked in 2003, but rose steadily in 2006 and 2007. Since the fourth quarter of 2008 when vacancy rates began to rise, asking rates have fallen slowly. How far they fall will depend on whether vacancy rates continue to rise, which in turn will depend on job growth in the region and whether Eastgate will attract companies to move to the area.

Total average asking rates for all office classes have been closely negatively correlated with vacancy rates since 2000 (Figure 35). As vacancy rates rise, asking rates fall. Overall average asking rates for industrial space in Eastgate have been declining generally since the second quarter of 2001 when they reached a peak of almost $414 a square foot (Figure 36). They reached a low two years later in the first quarter of 2003 of just under $8 a square foot, and then rose to almost $12 a square foot in the fourth quarter of 2005 before declining again in 2006. In 2007 and the first half of 2008 rates picked up, then dropped to almost $10 a square foot in the latter half of 2008 and first quarter of 2009. Since then rates have climbed back up to just over $11 a square foot.

7.12 RENTS

Office
As shown in Figure 34, total average asking rates for Class A office space peaked in the first quarter of 2008 reaching an all time high of over $29 per square foot. Rates approaching this had not been seen since the fourth quarter of 2000. Rates began to fall in the second quarter of 2008 and hit a low of $24 in the second quarter of 2010. Since then rates have risen to just under $25 a square foot. For Class B office space, asking rates have followed similar trends but with smaller fluctuations. Asking rates for Class B office peaked in the fourth quarter of 2000 then dropped to a low of $15 per square foot in the first quarter of 2003. Rates increased gradually until the third quarter of 2006, when they began to increase more rapidly until they approached $24 per square foot in the second quarter of 2008. Since then rates have fallen back to just under $22 a square foot.

Industrial
Overall average asking rates for industrial space in Eastgate have been declining generally since the second quarter of 2001 when they reached a peak of almost $414 a square foot (Figure 36). They reached a low two years later in the first quarter of 2003 of just under $8 a square foot, and then rose to almost $12 a square foot in the fourth quarter of 2005 before declining again in 2006. In 2007 and the first half of 2008 rates picked up, then dropped to almost $10 a square foot in the latter half of 2008 and first quarter of 2009. Since then rates have climbed back up to just over $11 a square foot.

7.13 ABSORPTION

Office
Class A Office space has seen much larger and more frequent swings in net absorption than Class B Office space since 2000. In 2008 swings in Class A Office absorption were due to Microsoft leasing over 600K square feet in the Advanta building and Expedia moving its headquarters out of the Sunset North Campus to downtown Bellevue. In 2009 Boeing Shared Services put almost 70,000 square feet in the Eastpointe Corporate Center up for sublease resulting in negative net absorption. Since 2010 overall absorption has been positive.

Industrial
Since 2000 industrial space has had smaller absorption swings than office space. Yet in 2006, a couple of down and up peaks occurred. After experiencing six quarters of negative absorption starting in 2009, the third quarter and fourth quarter of 2010 to date have experienced 27k square feet in positive absorption.
Figure 34. Average asking rate trends for Class A and B Office space in Eastgate since 2000.
Source: CB Richard Ellis.

Figure 35. Average asking rate trends for Industrial space in Eastgate since 2000.
Source: CB Richard Ellis.

Figure 36. Total average asking rate and total vacancy rate trends for Office space in Eastgate since 2000.
Source: CB Richard Ellis.

Figure 37. Total average asking rate and total vacancy rate trends for Industrial space in Eastgate since 2000.
Source: CB Richard Ellis.

Figure 38. Total net absorption in square feet for Class A and Class B Office space in Eastgate since 2000.
Source: CB Richard Ellis.

Figure 39. Total net absorption in square feet for Industrial space in Eastgate since 2000.
Source: CB Richard Ellis.
parks & recreation
8. Parks and Recreation

8.1 ROBINSWOOD, SPIRITRIDGE AND SUNSET PARKS

The 5-acre sunset mini-park is the only existing city-owned park in the study area. It features a tennis court, a basketball court, children’s play area, picnic tables, and trails. Two city-owned parks are adjacent to the study area, the 50-acre Robinswood Community Park and the 4.5-acre Spiritridge Park. Robinswood Community Park consists of open space, a pond, and additional features like picnic areas, baseball field, two soccer/lacrosse type fields, basketball court children’s play area, rest rooms, off-leash dog facility, a tennis center (4 indoor [6 indoor courts during the winter months]/4 outdoor courts) and the historical Robinswood House, barn and Miller Homestead Cabin (1884). Spiritridge Park features a tennis court, basketball court, play and picnic area, trails, flower garden, and restroom.

Besides these three existing parks, the city is working on the masterplan for a new park, on land collectively called ‘The Eastgate Area Properties.’ The Eastgate Area Properties are made up of three parcels consisting of 27.5 acres in total, located near the Advanta office building, near the ‘Lake to Lake Trail.’

1. The smallest (2.47 acres) of the three parcels is a storm water management pond operated by the Bellevue Utilities Department.
2. The 10.53-acre parcel was purchased from the Bellevue School District in 2004 and is undeveloped, sloped woodland, surrounded on two sides by single family homes.
3. The largest of the three parcels was purchased in 2003 with the intent of developing active recreation facilities and is a relatively flat, 14.55-acre open space that was operated as a municipal landfill from 1951 to 1964 and an airfield until 1983.

City staff and the design team continue to receive community input and work on environmental analysis and design. The park when developed will likely include sport fields, restrooms, walking trails, picnic facilities and play areas.
8.2 MOUNTAINS TO SOUND GREENWAY

The Mountains to Sound Greenway, based on the idea of maintaining an accessible, linked landscape of forests, wildlife habitat and open spaces, stretches along 100 miles of Interstate 90 in Washington State, from the waterfront in Seattle to the edge of desert grasslands in Central Washington. Much of the landscape is in public ownership, and this section of the highway is a National Scenic Byway.

Most of the regional trail system along Interstate 90 within the Mountains to Sound Greenway is in place. Missing links in the system total 10 miles, and the ‘Eastgate Gap,’ is one of them. The gap is 1.5 miles long, from the east end of the I-90 trail at Factoria to the east end of Bellevue city limits.

Bellevue’s Pedestrian and Bicycle Transportation Facility Plan proposes 3.5 miles of off-street path facilities, to bridge this gap in the ‘Mountains to Sound Greenway Project’ (# O-137-N), and recognizes it as a priority bicycle corridor improvement in the Comprehensive Plan. In the study area, the greenway would connect to an existing off-street path coming from Seattle through the Mercer Slough. At the other end, the new path would connect to a recently completed trail that crosses Issaquah and continues eastward.