Bellevue Economic Profile

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Acknowledgements

Department of Planning & Community Development

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Introduction

The Bellevue Economic Profile summarizes and analyzes key data and trends pertaining to Bellevue's economy. This includes presenting information on jobs, wages, major employers, and key demographics that relate to Bellevue's economy. The profile also discusses the role that Bellevue plays in the regional economy. One purpose of this report is to lay a foundation for understanding to the local economy. Another objective is to provide insights into recent trends and help identify likely future trends that will influence Bellevue's economic growth. The profile is intended to be useful to a variety of audiences. The data and analysis in the profile should help inform economic development and other work being undertaken by the City, the Bellevue Downtown Association, Bellevue the Chamber of Commerce, and other economic development stakeholders in the community.

Background

In 2003 the City of Bellevue's Department of Planning & Community Development released two volumes of a report analyzing findings from Census 2000. The volumes, entitled *Citywide and Regional Trends* (Volume 1) and *Neighborhood Patterns* (Volume 2), provided a detailed examination of demographic trends pertaining to Bellevue residents. These reports are available on the City of Bellevue's web site at http://www.cityofbellevue.org/planning or can be obtained from the Department of Planning and Community Development at Bellevue City Hall. The *Bellevue Economic Profile* is intended to present a similar level of analysis on Bellevue's economy.

There are several reasons to undertake a detailed analysis of Bellevue's economy. First, Bellevue is a major economic development success story. In the last few decades, Bellevue has undergone a transformation from being a "bedroom" community with a small employment base to serving as a major regional job center. As outlined in the profile, Bellevue is the second largest employment center in King County and has emerged as the economic hub of East King County. All of this has occurred while preserving Bellevue's reputation as one of the most livable communities in the Pacific Northwest. In fact, economic development enhances the city's livability by providing quality job opportunities for residents, and by creating restaurants, entertainment attractions, and other amenities that make the city an increasingly vibrant urban environment. Economic development also generates a "development" dividend that supports the city's tax base and keeps residential tax rates lower.

Examining Bellevue's economy is also important given how dynamic the local economy has been in recent years. Between 1990 and 2000, Bellevue's employment base grew by over 50 percent, and grew by approximately 30 percent in the years between 1995 and 2000 alone. While employment in Bellevue remains significantly higher than it was in 1995, the city lost many jobs during the major national recession that began in 2001 and continued regionally until 2003. Insights into the dynamics of economic change may help the City of Bellevue and its economic partners to identify strategies to promote economic growth while insulating the local economy from downturns in the larger regional and national economies.

The *Bellevue Economic Profile* consists of a series of chapters analyzing data and offering findings on the following topics areas:

- Employment
- Wages and Income
- Major Employers and Business Patterns
- Population and Labor Force Demographics
- Commercial Real Estate Vacancy Trends
- Bellevue's Economy and the Regional Economic Strategy

While the focus of Bellevue's Census 2000 report volumes was on residents who live in Bellevue, most chapters in the *Bellevue Economic Profile* look at *businesses and jobs* that are located in Bellevue. As outlined in the profile, there is some overlap between people working at jobs located in Bellevue and people living in Bellevue—that is, there are persons who both live *and* work in Bellevue. Demographic factors that are integrally related to the local economy are highlighted in the profile chapter on Population and Labor Force Demographics, which is the one chapter in the profile that focuses primarily on Bellevue residents.

Use of Information

As noted above, the purpose of the *Bellevue Economic Profile* is to provide information and insight into the local economy for a variety of stakeholders and users. One of its main purposes is to provide analysis that assists City of Bellevue officials, the business community, and other stakeholders in developing better informed economic development decisions.

The profile begins with an executive summary that provides an overview of key findings for the report as a whole. The information in the body of the profile is very detailed in terms of the information provided for each topic area. To orient and help the reader find information easily, each chapter begins with an introduction that identifies the topics to be covered and provides context for why that information is useful for understanding Bellevue's economy. Immediately following each chapter's introduction is a section entitled "Key Findings and Implications" that summarizes the most important points in the chapter. In the *body* of each chapter, bold text also directs readers to these findings and other highlights providing special insight into Bellevue's economy.

Data Sources

The information in the profile is pulled from several disparate data sources. It is important to note that these data sources provide information at different intervals of time. For example, some data sources are updated monthly or quarterly, others annually. As a result, some information reported in the profile is very recent (through the end of 2004) while other information is not. Also, while some information in the profile is available at the city level and is specific to Bellevue, other information is available only down to the county or metropolitan area level.

One of the main sources of information used in the profile is the dataset that the Washington State Department of Employment Security collects in order to administer the state unemployment insurance program and which the Puget Sound Regional Council uses to produce local employment estimates. The profile uses this dataset in analyses of employment and wage trends, industry sector concentrations, and patterns in the number and size of business locations. Other sources used in the profile are too numerous to list here but include the federal Bureau of Labor Statistics' Current Employment Statistics dataset, the *Puget Sound Business Journal Book of Lists*, business registration databases maintained by the City of Bellevue Tax Division and the Washington State Department of Revenue, the decennial census and other surveys conducted by the U.S. Census Bureau, reports published by commercial real estate brokers, forecasts produced by state agencies and independent economists, and analyses conducted in association with the Regional Economic Strategy currently being coordinated by the Prosperity Partnership. Berk & Associates also provided analysis of trends and forecasts and conducted key informant interviews to gain additional insight into Bellevue's local economy. Their contributions appear in several parts of the profile, including the analysis of future trends in the Employment chapter.

A particular challenge in compiling information for the profile was the transition occurring in the major classification system used by agencies throughout North America to categorize industries. The coding of industries in covered employment data has historically been based on the Standard Industrial Classification (SIC) and was only recently switched over to the new North American Industry Classification System (NAICS). At the time the profile was written, only use of SIC-coded industry data provided a sufficient time period (in this case, 1995 to 2002) with consistent industry coding. Thus, the industry sectors referred to in the analysis of recent historical trends in the Employment chapter and the Wages and Income chapter are based on SIC coding. However, the industry clusters in the chapter on the Regional Economic Strategy are based on NAICS. Subsequent updates to the profile will use the NAICS coding system.

For context, much of the analysis in the profile looks at Bellevue's economy relative to that of the larger Eastside, King County, and the Puget Sound region as a whole. The "Puget Sound region" generally refers to the central part of the region consisting of the combination of King, Kitsap, Pierce and Snohomish counties. The "Eastside" refers to the Eastside of King County as defined by the Puget Sound Regional Council. Exceptions are noted within the profile.

Accessing the Profile and Other Related Resources

The *Bellevue Economic Profile*, along with other information about Bellevue's economic development efforts, is available on the City of Bellevue web site at http://www.cityofbellevue.org/planning.asp. The web site includes a version of the profile that can be downloaded. Copies of the profile are also available from the Department of Planning & Community Development at Bellevue City Hall.

Questions about the information presented in this report, and questions about economic or demographic trends in Bellevue, can be directed to the Planning Division, City of Bellevue Department of Planning & Community Development (PCD), at 425-452-7857.

Information and contacts for the City of Bellevue Economic Development Program can also be obtained by calling the phone number above or by consulting the City of Bellevue web site. The Economic Development program is focused on maintaining and enhancing the economic vitality of the city. The program provides a variety of services and resources to local entrepreneurs and to businesses located in or interested in coming to Bellevue.

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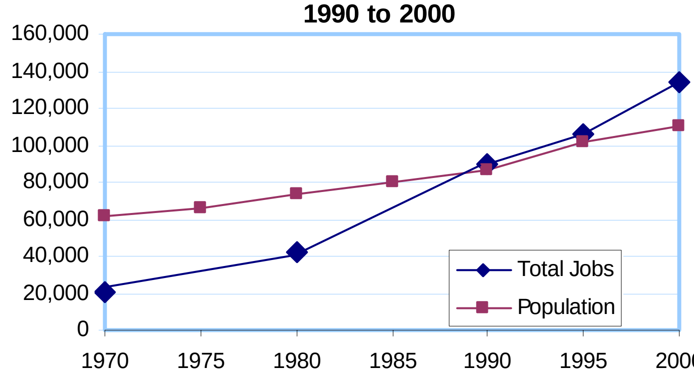
Employment

Overall Employment Trends

In the last few decades, Bellevue has been transformed from a community with only about 20,000 jobs to a major regional economic and employment center with approximately 125,000 total jobs, a figure which exceeds the number of residents in the city. The large number of jobs here, along with the fact that many residents in other locations within the Puget Sound region come to work in Bellevue, indicates the importance of Bellevue's economy not only to the Bellevue itself but also to the region as a whole.

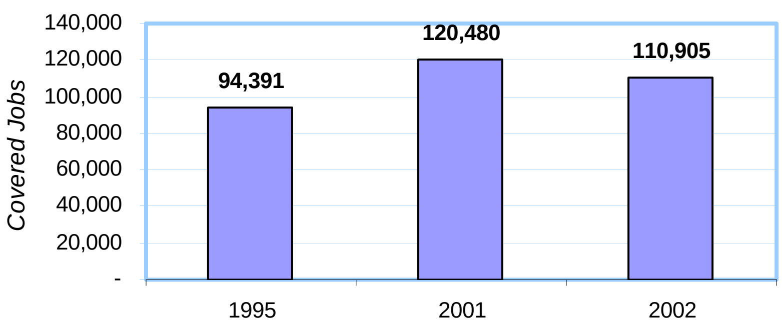
Population and Employment Trends in Bellevue 1990 to 2000



Sources: U.S. Census Bureau, Puget Sound Regional Council, Washington State Employment Security Department, City of Bellevue Dept. of Planning & Community Development

During the period between 1995 and 2001, the number of covered jobs in Bellevue increased by 28 percent. "Covered" employment refers to jobs covered by unemployment insurance, the jobs for which the most information is available. *Total employment is estimated to be 10 to 15 percent higher than covered employment.* The rapid increase in the number of jobs in Bellevue between 1995 and 2001 was part of a trend during that period in which employment in cities in the Eastside of King County grew particularly rapidly relative to the Puget Sound region generally and to the state as a whole. As an employment and business hub within the Eastside, Bellevue will continue to contribute to and benefit from expanded business linkages and economic synergies created with the growth on the Eastside.

Covered Employment* in Bellevue 1995, 2001, and 2002



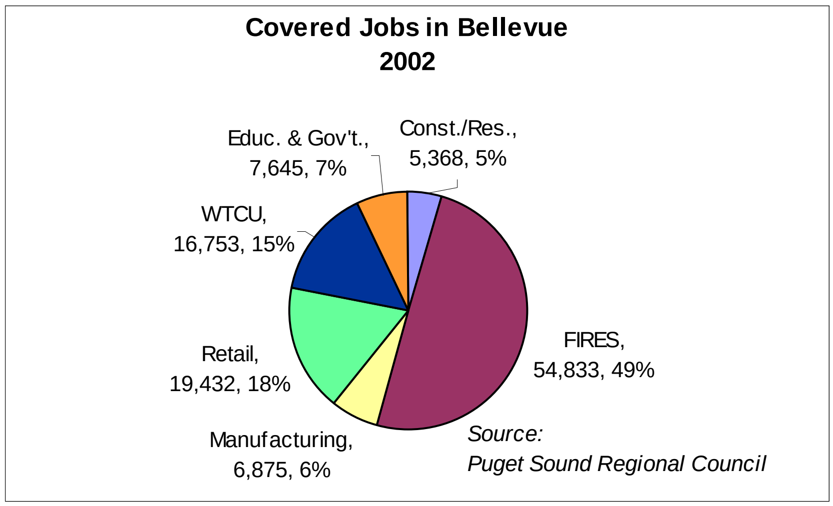
**Total employment is 10 to 15 percent higher than covered employment.*
Source: Puget Sound Regional Council (PSRC)

Job losses occurred in Bellevue between 2001 and 2002 due to the national and regional recession. However, the number of covered jobs in Bellevue in 2002 was still 17 percent higher than in 1995. In 2002, Bellevue had about 111,000 covered jobs or about 125,000 total jobs. (The employment trend analysis in the profile focuses primarily on 1995 to 2002 because these are the years for which the most detailed and internally consistent data were available.) The overall number of covered jobs in Bellevue changed by less than one-tenth of one percent between 2002 and 2003.

Bellevue's jobs-to-population ratio has been increasing in recent decades as employment growth has outpaced population growth. The extent to which Bellevue is importing workers from the balance of the region is anticipated to continue increasing given that job growth is expected to continue to exceed population growth in the city. This trend is identified in the local allocation of regional employment and housing growth targets for Bellevue. In apportioning King County's future growth targets for comprehensive planning to subregions within the county, jobs and housing growth targets were coordinated to allocate roughly the same share of the county's jobs growth target and housing growth target to the Eastside.

Employment by Industry Sector

Bellevue has a diversified mix of businesses within the FIRES, Retail, and WTCU sectors, which together make up the three largest sectors of the city's economy.

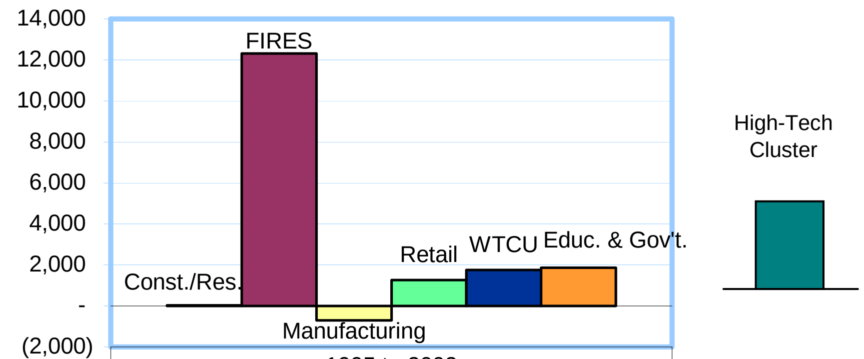


- The FIRES sector (which encompasses jobs in Finance, Insurance, Real Estate, and other Services) is an especially important and growing part of the employment base in the Puget Sound region, particularly in Bellevue.
- As of 2002, just under half of covered jobs in Bellevue were in the FIRES sector. This is substantially higher than the share of jobs that the FIRES sector contributed in the region and in King County as a whole.
- Between 1995 and 2002, FIRES jobs represented *three out of every four jobs added to Bellevue's employment base.*
- Within the FIRES sector, Bellevue has large concentrations of jobs in Business Services (a subsector that includes firms providing a variety of services to businesses on a contract or fee basis). In 2002 almost three-quarters of Bellevue's Business Services jobs were in the Computer and Data Processing Services industry group. (This industry group includes many, though not all, computer related sectors of the economy; for example, computer programming services and the development of prepackaged software.) Of all industry subsectors, Business Services added the greatest number of jobs to Bellevue's economy between 1995 and 2002.
- Also within the FIRES sector, Bellevue has significant concentrations of engineering firms, health services, real estate firms, financial institutions, and accounting firms.

Between 1995 and 2002 both the Retail sector (which made up 18 percent of Bellevue jobs in 2002) and the WTCU sector (which comprised 15 percent) added jobs to Bellevue's employment base. The WTCU sector is comprised of Wholesale Trade, Communications, and Utilities subsectors.

- Large proportions of the WTCU jobs in Bellevue are in Communications and Wholesale Trade.
- WTCU employment growth was stronger in Bellevue than in King County as a whole.

Change in Number of Covered Jobs by Major Industry Sector
Bellevue
1995 to 2002



	1995 to 2002
Const./Res.	27
FIRES	12,311
Manufacturing	(704)
Retail	1,269
WTCU	1,753
Educ. & Gov't.	1,858

High-Tech: 4,039

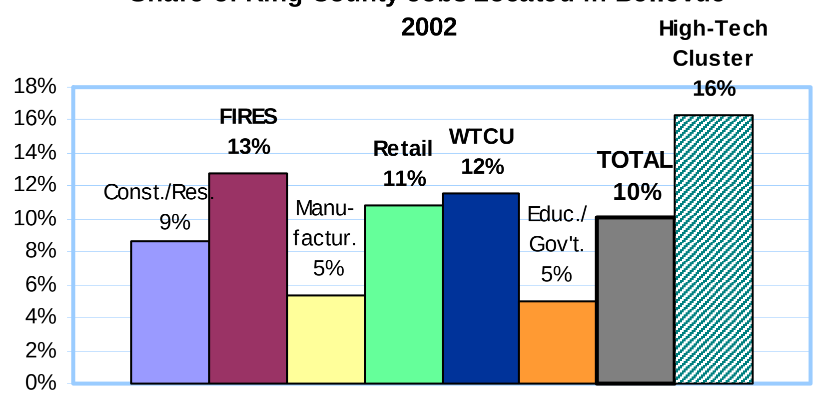
Source: Puget Sound Regional Council

Jobs in the High-Technology cluster of industries are a critical and growing part of the employment base in the Puget Sound region, particularly in Bellevue and the balance of the Eastside.

- Almost two-thirds (64 percent) of all High-Tech cluster jobs in King County (which is the high-tech center of the region) were located on the Eastside in 2002. That year Bellevue contained about one in four of the Eastside's jobs in High-Technology as well as the majority of the Eastside's jobs in the "computer related" subcategory of High-Technology employment.
- In 2002, High-Technology jobs made up about 16 percent of Bellevue's employment base.

While employment in Bellevue's High-Tech firms grew rapidly between 1995 and 2001, nearly half of the jobs lost in Bellevue between 2001 and 2002 were High-Tech jobs.

Share of King County Jobs Located in Bellevue
2002



Source: Puget Sound Regional Council

Jobs located in Bellevue constituted about one-tenth (10 percent) of overall jobs in King County. However, Bellevue contributed proportionally larger shares of the county's jobs in some sectors, particularly in FIRES (13 percent) and WTCU (12 percent), and also in the High-Tech cluster (16%).

Bellevue's Jobs Centers

More than 90 percent of Bellevue's jobs are located in four major local employment centers, which have developed based on factors such as proximity to an attractive customer base, business linkages, appropriate zoning, transportation access, and available land.

- Downtown — Downtown is home to tall office buildings in which tens of thousands of employees work, as well as extensive restaurant and shopping opportunities, including those in the major regional Bellevue Square mall. Downtown is the most dense employment center in the city, with about a quarter of Bellevue's jobs. Downtown employment is forecast to grow by 77 percent between 2000 and 2020. This is the highest forecast growth rate of the jobs centers in Bellevue and in any substantial urban employment center in King County.
- SR-520/Bel-Red — While employment densities in the SR-520/Bel-Red employment center are not as concentrated as in Downtown, SR-520/Bel-Red contains about one-third of the city's jobs. Compared with growth rates in Downtown, growth rates in this and the other employment centers in Bellevue are currently forecast to be modest. Overlake Hospital anchors the western part of the SR-520/Bel-Red employment center. Parts of the Bel-Red area have served as the city's warehouse and manufacturing district, although the area is in transition.
- 116th/Bellefield — This area, located along the I-405 corridor, has a heavy concentration of offices and hotels and also includes a significant number of auto dealers and retail stores. While there are fewer jobs in 116th/Bellefield than in the other three major Bellevue job centers, employment in this area is forecast to grow somewhat more quickly than in the other major Bellevue job centers outside of Downtown.
- Factoria/Eastgate — Located along the I-90 corridor, this area includes a large number of offices, a few hotels, and several retail shopping centers, particularly along Factoria Boulevard where Factoria Mall is located and at the intersection of 148th Avenue NE and I-90. New-economy jobs, including those in High-Tech, are among the main types of employment held by workers in the office complexes along the I-90 corridor.

Other centers include Crossroads, a commercial center containing the Crossroads Bellevue shopping center, additional retail stores and services, and offices. While Crossroads does not function as one of the city's *major* employment centers, its businesses serve both the larger community as well as nearby neighborhoods. Bellevue also has smaller, neighborhood-oriented retail centers in many areas of the city that provide goods, services, and gathering spaces for nearby residents.

Economic Recovery and Growth Prospects for the Near Future

At a *national* level the recent recession officially began in March of 2001 and ended eight months later, according to the National Bureau of Economic Research. However, the number of jobs in King County continued to decline before starting to increase appreciably in 2004. While employment in King County has begun to regain strength, as of the publication of this profile it has quite a bit further to go to recover fully from the recession.

Local indicators of economic trends in Bellevue—such as taxable retail sales and Downtown office space vacancy rates, which are available for more recent periods than are employment figures—provide strong evidence that Bellevue's economy is once again growing. As in the larger county, employment in Bellevue will, however, likely take some additional time to recover and surpass levels reached before the recession.

Leading economists are forecasting that the Puget Sound region's economy will continue adding jobs for at least the next two years in the current economic cycle. Given that general employment trends in Bellevue have tended to reflect those of the larger labor market, job growth in Bellevue will also likely continue in the near term.

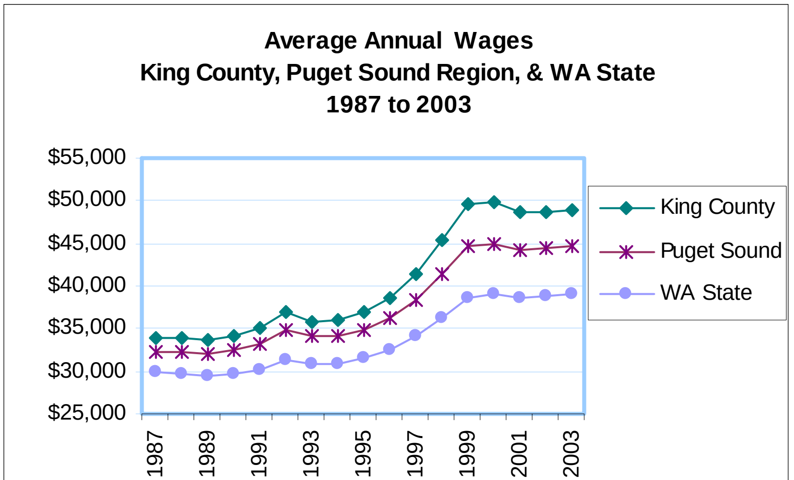
An analysis of future trends that Berk & Associates conducted for the *Bellevue Economic Profile* found that Bellevue's strengths match well with the strengths in the Puget Sound region's industry-specific employment forecasts. Overall, the Berk analysis concluded that Bellevue is in strong position, with a large, diverse economy and industries forecast to grow rapidly in the regional economy.

- The Bellevue economy has concentrations of jobs in the Professional and Business Services sector and the Information sector. These sectors are major economic drivers in the regional economy and are projected to grow rapidly in regional forecasts.
- The Health Care and Social Assistance subsector is strong in the city, with Overlake Hospital growing and expecting to add jobs in two years with additional expansions to follow.
- There are many retail jobs in the city and regional forecasts suggest continued growth in regional retail sales. As a regional draw of consumer spending, Bellevue will benefit from increased retail spending. Bellevue's ability to draw regional spending will also be enhanced with major retail components in new mixed use developments such as Lincoln Square.

Wages and Income

Average Wages Overall and by Industry Sector

Average wages in King County have historically been and continue to be higher than average wages in the Puget Sound region as a whole. Average wages (adjusted for inflation) also increased more steeply in King County than in the region during the period of rapid economic growth in the late 1990s.



Figures are adjusted for inflation to constant 2003 dollars.
Source: Washington State Employment Security Department

Of all major sectors, the FIRES sector (the sector containing Finance, Insurance, Real Estate, and other Services) posted the largest gains in average wages between 1995 and 2001 in the county and region. This growth propelled the FIRES sector to its place in King County as the sector with the overall highest average wages.

- Wage growth in the FIRES sector was largely due to wage and employment increases in the Business Services subsector. The Business Services subsector includes several key information technology industries such as computer programming services and prepackaged software development. These industry groups have been among both the fastest growing *and* best paying FIRES industries.

- Given Bellevue's high concentration of jobs in the FIRES sector and in computer related industries in particular, average wages paid by employers in Bellevue are likely higher than average wages paid in King County as a whole.

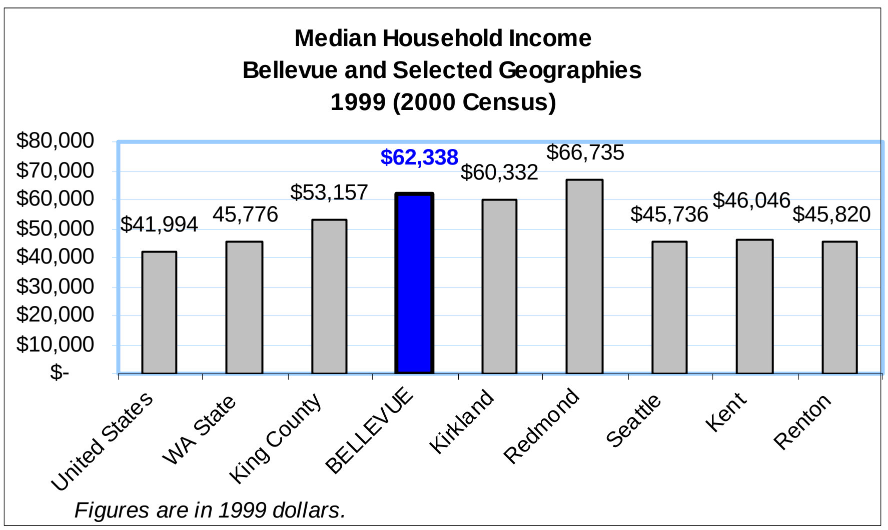
Among the large industry subsectors in Bellevue that also experienced rapid growth between 1995 and 2002, there were more jobs in high-wage and moderate-wage subsectors than in low-wage ones. The high-wage Business Services subsector added the most jobs in Bellevue during this period and was the best-paying of all Bellevue's large industry subsectors.

Distribution of Wages

Between 1990 and 2002 in King County there was a decrease in the number of covered jobs in the lowest ranges of the wage scale and an increase in the higher ranges, consistent with the overall increase in the county's average wage. While jobs across the wage spectrum saw at least some real increases in wages after inflation, higher-wage jobs, especially those in the top ten percent, had the highest percentage wage increases.

Earnings and Income in Bellevue

Within King County in 1999, cities on the Eastside—including Bellevue—generally had higher earnings and incomes along with lower poverty rates. According to the decennial census conducted by the national Census Bureau in the year 2000, overall median earnings per worker in 1999 were almost $35,000 for workers residing in Bellevue compared to about $30,000 for workers residing in King County. Bellevue's 1999 median household income as measured in the 2000 census was also significantly higher than that in King County as a whole. Incomes in King County were, in turn, higher than in the state generally and were much higher than in the nation as a whole.



In 1999, 5.7 percent of individuals and 3.8 percent of families in Bellevue had incomes below the federal poverty level. However, in cities like Bellevue and Seattle that have a relatively high cost of living, poverty rates underestimate proportions of individuals and families facing economic and associated hardships.

Major Employers and Business Patterns

Corporate Headquarters, Sector Concentrations, and Major Employers

Several of the largest companies (based on revenue) that are headquartered in Washington state have their corporate headquarters in Bellevue. These companies include Paccar Inc., Puget Sound Energy, Esterline Corp., and drugstore.com, inc.

Bellevue-Based Companies Among Largest in Washington State*

Company	Product or Service
Among Largest 100 Public Companies Headquartered in WA State	
Company	Product or Service
Bsquare Corp.	Software products, services
Captaris Inc.	Software development
Cellular One-Western Wireless	Wireless communication
Coinstar, Inc.	Coin counting and electronic services
drugstore.com, inc.	Internet retailer
Esterline Corp.	Aerospace and electronic equip. manufacturing
First Mutual Bancshares	Financial services
InfoSpace, Inc.	Internet content provider
Onyx Software	Software development
PACCAR Inc.	Truck manufacturing, leasing, and financing
Puget Sound Energy	Electric power and natural gas utility
Saflink Corp.	Software development
Scolr, Inc.	Health supplement supplier
Western Wireless Corp.	Wireless telecommunications
Among Largest 100 Private Companies Headquartered in WA State	
Company	Product or Service
Attachmate Corp.	Computer software
The Burnsteads	Custom home builder
Conner Homes Co.	Home builder
GLY Construction Inc.	General contractor
Leisure Care	Manage retirement communities
Lydig Construction Inc.	General contractor
North Coast Electric Company	Wholesale distribution of electric products
Savers, Inc./Value Village Stores	Retail thrift and discount stores

**Largest based on revenue. Companies are listed alphabetically.*
Source: Puget Sound Business Journal, Book of Lists, 2005

Several business sectors also have concentrations of headquarters or regional offices in Bellevue, including but not limited to real estate brokerages, commercial property managers, home builders, software developers, environmental and engineering consultants, and accounting firms. Having corporate headquarters in Bellevue is not only a sign of the city's economic strength. It is also an important measure of community health, given that quality of life is a key criterion companies use when deciding where to locate head offices.

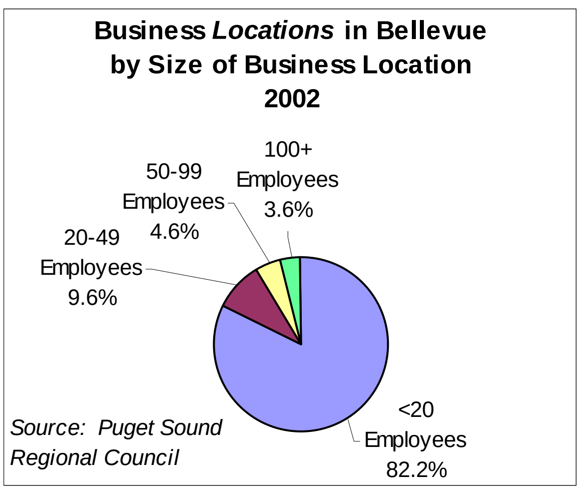
There are also several major regional employers located in Bellevue that employ at least 1,000 people. These include:

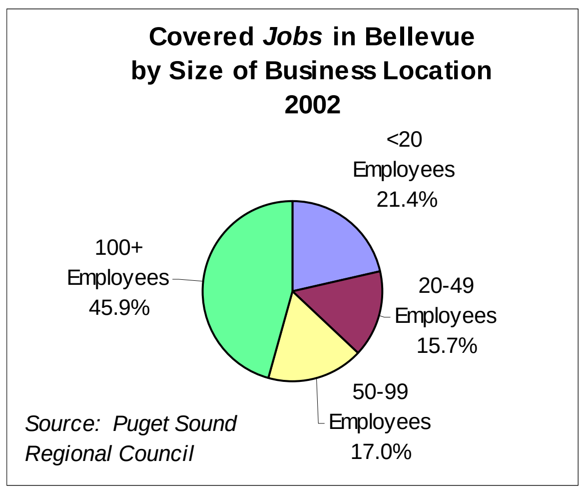
- Bellevue Community College
- Bellevue School District
- City of Bellevue
- Boeing Shared Services Group
- Expedia Inc.
- Overlake Hospital Medical Center
- T-Mobile USA
- Verizon Wireless

Symetra Financial will join this list once it has completed moving its headquarters to Downtown Bellevue in 2005.

Business Patterns and Trends

Bellevue has a range of large and small employers, and both are very important to the local economy. Based on data for 2002, 46 percent of covered *jobs* in Bellevue were in business locations with 100 or more employees, but approximately 82 percent of all *business locations* in Bellevue with covered employees had fewer than 20 employees. Between 2001 and 2002 the number of small business locations in Bellevue and the Puget Sound grew despite employment losses associated with the recent recession.





During the last six years the City of Bellevue processed between 2,200 and 2,800 new business registrations annually. While the number of new business registrations dipped in 2001 (the first year of the recent recession), the number quickly bounced back even as the recession continued. This suggests that business creation continued to contribute to business activity in Bellevue in the wake of the larger economic downturn that occurred in the region.

While sole proprietors comprise a relatively small fraction of workers in Bellevue, state registrations for businesses located in Bellevue show that sole proprietors are actually the most common type of business entity in the city. Of approximately 13,000 businesses in Bellevue registered with the Washington State Department of Revenue in the year 2004, over 6,000 were sole proprietors.

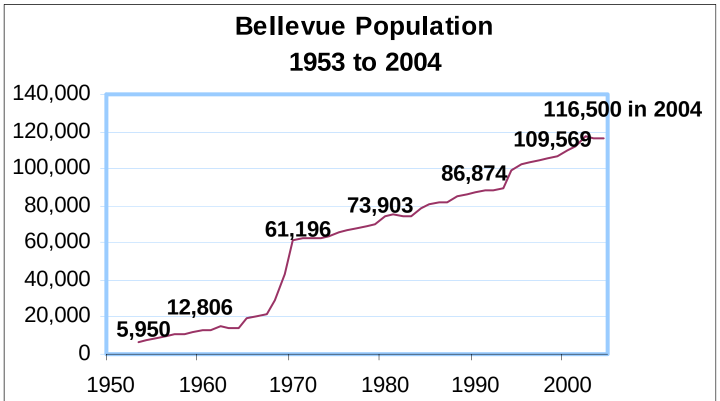
Local sales tax revenues and Business and Occupation (B&O) tax revenues, which are two indicators of local economic activity, both rose between 2003 and 2004 after declining for a period during the regional recession. These recent increases in revenues reflect the resumption of growth in local retail sales and business receipts. Along with other positive signs, such as improving local office vacancy rates, increases in sales and B&O tax revenues are evidence of an improving local economy.

Population and Labor Force Demographics

Changing demographic and labor force characteristics can have a direct impact on economic trends. In addition economic growth also influences population growth, with migration increasing when job seekers see more favorable job prospects in an area relative to that in other areas.

Population Growth

The most recent national decennial census conducted in 2000 counted Bellevue's population at 109,569, making it the second largest city in King County after Seattle. Bellevue's population grew by 26.1 percent between 1990 and 2000, half of which was due to annexations. The last two decennial censuses show that King County's Eastside grew more quickly than Seattle did in the 1990s. Bellevue's population increased more quickly than Seattle's did, but less rapidly than the population in cities and towns on the eastern and southern fringes of King County.



Sources: U.S. decennial censuses; WA State Office of Financial Management, City of Bellevue Department of Planning and Community Development

Between 2000 and 2004, the Washington State Office of Financial Management (OFM) estimates that Bellevue's population grew by 6,673 persons (including annexations), placing Bellevue's 2004 population at an estimated 116,500.

Between 2003 and 2004, Puget Sound population growth rates, which had stalled during the recession, began to accelerate again as the economic recovery began. OFM forecasts project faster rates of growth for King County between 2005 and 2010, with migration into the state rebounding due to improvements in the state's job market. In a separate set of forecasts, the Puget Sound Regional Council also anticipates that population in the Bellevue area will increase more rapidly between 2010 and 2030 than between 2000 and 2010. The majority of the growth in population within the next two and a half decades is expected—and planned—to occur in Downtown. At the same time, increases in Bellevue's population related to annexation will be slowing in the near future because only a small fraction of the city's ultimate potential annexation area remains to be annexed.

Bellevue's growth targets for the planning period between 2001 and 2022 are 10,117 additional housing units and 40,000 additional jobs. Reaching these targets would mean that by 2022, Bellevue's population will exceed 137,000 and the number of jobs in Bellevue will be more than 170,000.

Demographic Characteristics

Households

In the year 2000, Bellevue's city limits contained 45,836 households—a figure that OFM estimates has increased to 49,119 as of 2004.

Based on data from the most recent decennial census, the most common categories of households in Bellevue in 2000 were married couples without children at home (which made up 31 percent of households) and one-person households (which made up 28 percent of households). The percentage of households with one or more children was slightly lower in Bellevue than in King County as a whole.

In Bellevue, as in the region and the nation, average household size continued to decline in the 1990s. A large part of this trend locally was due to one-person households increasing in number more quickly than households overall.

Age

The share of Bellevue's population comprised of seniors has increased, going from about 10 percent in 1990 to about 13 percent in 2000. By the year 2000 the percentage of the population made up of seniors in Bellevue had also eclipsed the corresponding percentage in the nation as well as in Washington state and King County.

In 2000, young working-age adults were a smaller part of the population in Bellevue than in the county as a whole. While about two-thirds of Bellevue residents were 19 to 64 years of age in 2000, Bellevue had a lower percentage of residents ages 19 to 44 than did King County as a whole, Seattle, and many other King County cities. Bellevue's relatively low supply of younger working-age residents contributes to the pattern in which Bellevue employers draw a large portion of their workers from areas surrounding Bellevue. While the supply of workers among Bellevue residents will likely grow as more people move into Bellevue, Bellevue's age demographics hint that labor force participation *rates* in Bellevue—which declined between 1990 and 2000—may fall more quickly than in some other parts of the region as the pace of baby-boom retirements accelerates.

Diversity

The Puget Sound region is becoming increasingly diverse, a trend that is especially notable in Bellevue. In the 1990s the number of residents in Bellevue who are Asian/Pacific Islander more than doubled to comprise over 17 percent of the city's population by the year 2000. Bellevue's Hispanic and Latino population also increased rapidly and in 2000 made up 5.3 percent of the city's population. In 2000, Bellevue was significantly more diverse than the balance of the Eastside and somewhat more diverse than King County and the nation as a whole. In the 2000 census, almost 26 percent of Bellevue residents identified themselves as a race other than White (or White in combination with another race).

Bellevue's foreign-born population has grown rapidly. The share of Bellevue residents born outside the U.S. went from 13.3 percent in 1990 to 24.5 percent in 2000—a share that is much higher than in King County as a whole. Over half of Bellevue's foreign-born residents were recent immigrants to the United States.

Minority and immigrant entrepreneurship is an important part of Bellevue's economy. There are also strong market opportunities locally for retailers and other businesses in Bellevue serving ethnic and immigrant populations.

In the decades to come, the majority of new workers nationally—and also likely in Bellevue—will be minorities, immigrants, and women. Ensuring that these groups benefit from the educational, training, and small-business resources the region has to offer will be critical in enabling full participation in future economic gains.

Educational Attainment

Bellevue adults are highly educated, and increasingly so. In a continuation of long-term regional and national trends, rates of college education grew within Bellevue as well as in King County between 1990 and 2000. The percentage of Bellevue residents 25 and older with at least a bachelor's degree rose from 46 percent in 1990 to 54 percent in 2000. While rates of college education increased in virtually all parts of King County, the 2000 census showed that the share of adults with a bachelor's degree remained greater in Bellevue than in Seattle, King County as a whole, and the balance of the Eastside generally, which themselves all have high levels of educational attainment. The percentage of adults in Bellevue who had graduated from college was correspondingly much greater than in the nation as a whole.

Level of Educational Attainment*
Bellevue and Selected Geographies
2000 Census

	United States	King County	Seattle	BELLEVUE	Eastside Balance**	Redmond
Bachelor's degree	15.5%	26.7%	29.9%	**34.7%**	31.5%	35.9%
Graduate or professional degree	8.9%	13.3%	17.3%	**19.4%**	14.8%	17.0%
Bachelor's degree or higher	**24.4%**	**40.0%**	**47.2%**	**54.1%**	**46.3%**	**52.9%**

**Population 25 years of age and older.*
***Eastside Balance is the Eastside without Bellevue.*

In today's knowledge-based economy, education is an increasingly important economic resource. The supply of highly educated and skilled workers in the Seattle Metropolitan area, particularly within the Eastside, provides this area with a key competitive advantage relative to many other regions.

Labor Force Participation and Composition

Census responses indicate that in the year 2000 slightly over two-thirds (67.5 percent or 59,896 persons) of Bellevue's residents age 16 and older were in the labor force. As was also the case nationally, in Bellevue females had a lower rate of labor force participation than males.

Bellevue's labor force participation rate declined between 1990 and 2000 and in 2000 was lower than in many other jurisdictions in King County. This is likely due in part to the fact that the senior population rose more quickly in Bellevue and—at 13 percent of the population in Bellevue in 2000—made up a larger share of the population in Bellevue than in many other cities within the county.

Percentage of Employed Residents* by Occupation and Industry Bellevue and Selected Geographies 2000 Census					
Occupations					
	United States	**King County**	**BELLEVUE**	**Redmond**	**Seattle**
Management, professional, and related:	**33.6%**	**43.4%**	**53.1%**	**56.7%**	**48.4%**
Mgt, business, & financial operations subcategory	13.5%	17.4%	**21.5%**	20.7%	17.2%
Professional and related occupations subcategory	20.2%	26.0%	**31.6%**	36.0%	31.2%
Computer and mathematical (subcategory of prof. & related occupations)	2.4%	5.8%	**11.4%**	17.8%	5.5%

In 2000, over half (53.1 percent) of working residents in Bellevue were employed in management or professional jobs—a higher percentage than in King County as a whole. Bellevue also had a larger proportion of its working residents employed in computer and mathematical occupations. The proportion of Bellevue workers employed in knowledge-based industries was also higher than the county as a whole. The educational and occupational profile of Bellevue workers is reflected in earnings that tend to be higher than in many other locations. Median earnings for full-time, year-round workers living in Bellevue were about $47,000 in 1999—almost $7,000 more than in the county generally.

The 2000 census revealed that about 39 percent of employed Bellevue residents worked within Bellevue city limits, as shown in the left portion of the table below. As shown in the right portion of the table, 22 percent of overall employees with jobs located in Bellevue resided in Bellevue. These patterns are reflective of Bellevue's role in the region as a key employment center which draws large shares of workers from both within and outside the city. The table also illustrates that Bellevue is part of the larger King County and Puget Sound region's labor market and that important links between workplaces and residences exist across city boundaries.

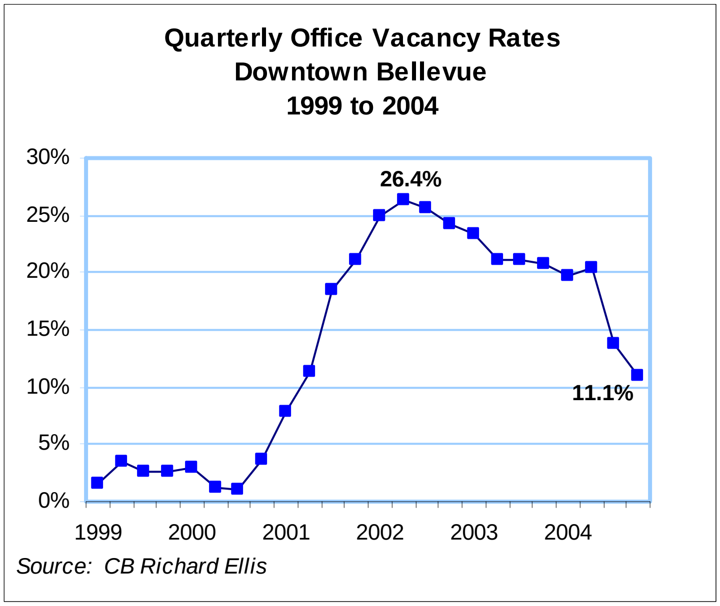
Residence and Workplace Census 2000			
Share of Employed Bellevue *Residents* by Place of Work		**Share of Employees Working at Locations in Bellevue by Place of Residence**	
King County Total	95%	King County Total	80%
BELLEVUE	**39%**	**BELLEVUE**	**22%**
Seattle	23%	Seattle	14%
Redmond	14%	Kirkland	5%
Kirkland	4%	Redmond	5%
Renton	3%	Renton	4%
Remainder of King County	13%	Sammamish	3%
Snohomish County	2%	Remainder of King County	27%
Pierce County	<1%	Snohomish County	9%
Kitsap County	<1%	Pierce County	3%
Other	2%	Kitsap County	<1%
		Other	8%

Commercial Real Estate Vacancy Trends

Office Vacancy Rates

Downtown Bellevue has almost 5 million square feet of Class "A" office space concentrated in 24 buildings, representing almost a quarter of the Eastside's square footage in this class of office space. Hundreds of thousands of square feet of office space exist in Bellevue along the SR 520, I-405, and I-90 corridors and are also scattered elsewhere in the city.

During the economic boom in the late 1990s and early 2000, office vacancy rates in both King County's Eastside as a whole and in Bellevue reached unprecedented low levels. At the height of the boom, vacancy rates in the downtowns of Bellevue and Seattle were only about 2 percent, with rates just slightly higher in the Eastside as a whole and in the Puget Sound region as a whole.



As the economy entered recession in 2001, office vacancy rates regionwide jumped sharply. The recession affected Bellevue especially hard—due in part to the many technological and other companies that folded, downsized, or stopped growing, leaving large amounts of empty office space empty. In Downtown Bellevue, major office buildings were completed just as the economy weakened, causing office vacancy rates to climb particularly steeply. In the second quarter of 2002, office vacancy rates in Downtown Bellevue peaked at more than 25 percent.

The recently begun office market recovery in Downtown Bellevue picked up pace dramatically between the second and third quarter of 2004, with Symetra Financial's decision to move its headquarters there. By the last quarter of 2004, real estate analysts estimate that Downtown Bellevue's office vacancy rate had fallen to 10 or 11 percent.

Real estate analysts are projecting that vacancy rates in Bellevue will continue to decline in the near future as the economy continues to improve. Cushman and Wakefield projects that vacancy rates in Downtown Bellevue will fall to about 7 percent by 2006. Other indications that Downtown Bellevue's commercial real estate market is emerging from the recession include developers' renewed confidence in the market, which has prompted resumption of construction projects such as Lincoln Square and the second-phase of Summit "Building A" that had stalled during the economic downturn.

Industrial and Retail Vacancy Rates

The recession had less of a negative impact on the industrial and retail real estate markets than on the office real estate market. These markets have also been less subject to swings in vacancy rates because the amount of space needed for users of industrial and retail properties are not as sensitive to economic cycles. Annual growth in consumer spending remained positive during the most recent recession, which also helped to keep retail vacancy rates from climbing steeply in major retail markets such as Downtown Bellevue.

Industrial Vacancy

Overall, the Eastside's 10 percent share of the regional Puget Sound industrial space market is much smaller than that of Seattle or the Kent Valley. The Bellevue submarket and the I-90 corridor submarket (which includes parts of Bellevue but extends further east along that interstate) together make up less than 20 percent of the square footage in the Eastside industrial market.

During the recent recession, quarterly industrial vacancy rates within the Puget Sound region peaked at about 8 percent late in 2003, which was only half as high as the regional 16 percent peak that office vacancy rates reached earlier that year. The Eastside industrial real estate market, which had generally been weaker than that of the region during the recession, is beginning to respond to a strengthening economy. Bellevue's industrial vacancy rate has been above the region's but below that in the Eastside as a whole. In the third quarter of 2004, the industrial vacancy rate in Bellevue was about 11 percent, which was below the 15 percent overall industrial vacancy rate for the Eastside.

Retail Vacancy

Downtown Bellevue is one of the region's most concentrated retail hubs. With almost two million square feet of retail space, Bellevue's Downtown contains almost 60 percent as much retail space as Downtown Seattle. However, the Eastside retail submarket with the largest overall number of square feet is the I-90 Corridor, which includes areas within Bellevue as well as areas extending along I-90.

Retail remains the strongest of the commercial real estate markets with generally low vacancy rates throughout the region. In the fourth quarter of 2004, Downtown Bellevue had a retail vacancy rate of just 1.5 percent, which was below Downtown Seattle's also low rate as well as below the vacancy rates for the Eastside and region as a whole. Nationally, smaller and older neighborhood shopping centers were harder hit by the recent recession than were larger retail markets, and many are still struggling with relatively high vacancy rates. This is also true of several neighborhood shopping centers in Bellevue.

Bellevue's Economy and the Regional Economic Strategy

Bellevue has a strong interest in the success of the Regional Economic Strategy (RES), which was recently launched by Puget Sound Regional Council (PSRC) and is being carried forward in conjunction with the Prosperity Partnership. Achievement of the strategy's goal of producing an additional 100,000 jobs in the region beyond previous forecasts could mean roughly 7,000 more total jobs in the Bellevue area on top of the additional 19,000 jobs that PSRC forecasts for the Bellevue area between 2000 and 2010. (This estimate is based on the Bellevue area sharing in additional job growth from the RES in the same proportion that PSRC forecasts the Bellevue area will share job growth already forecast.)

In addition to the potential the Strategy has for energizing additional employment growth, the Strategy will likely help shape ongoing regional transportation and land use planning—including future updates of VISION 2020 and Destination 2030 and investments to support these plans.

Consultants to the Regional Economic Strategy identified 15 industry clusters with higher concentrations of employment in the Puget Sound region than in the nation, implying that this region has at least some degree of competitive advantage in these industries. The high number of clusters speaks well of the diversity of the region's economy.

The following five clusters, identified as among the most promising for the region, were designated as "pilot clusters" which will receive the most intensive focus during the initial phase of the Strategy:

- Information Technology (IT)
- Aerospace Manufacturing
- Life Sciences
- Logistics and International Trade
- Environment and Alternative Energy (a small, but emerging cluster)

About 22 percent of Bellevue's covered employment falls into the five pilot clusters. This is a somewhat larger share than the 19.5 percent of covered employment regionally in the five pilot clusters, due primarily to the stronger concentration of IT jobs in Bellevue. (Employment concentration estimates are based on covered employment, which are

Bellevue Covered Employment
Regional Economic Strategy (RES) Clusters
March 2001

		Employment Concentration Ratios (1.0 = Parity)	
Five RES Pilot Clusters	**Jobs in Bellevue**	**Bellevue to Region**	**Bellevue to Nation**
Information Technology	18,106	2.4	4.0
Aerospace Manufacturing	2,815	0.4	4.7
Life Sciences	1,282	0.8	1.2
Environment & Alternative Energy	252	1.5	1.5
Logistics & International Trade	244	0.1	0.1
Subtotal Five RES Pilot Clusters:			
No. of Bellevue jobs	22,699		
% of Bellevue jobs	22.0%		
Additional RES Clusters			
Tourism	6,709	0.9	1.0
Business Services^	5,198	1.4	2.0
Long Term Care	531	0.6	0.7
Specialty Foods	485	0.4	0.4
Electronic Shopping	207	0.4	0.9
Wood Products	180	0.1	0.1
Head Offices	*	*	*
Sound Recording	*	*	*
Boat Building	0	0.0	0.0
Subtotal Fourteen RES Pilot Clusters:			
No. of Bellevue jobs	36,098		
% of Bellevue jobs	35.0%		

**Data suppressed due to confidentiality requirements.*
Source: Puget Sound Regional Council; U.S. Bureau of Labor Statistics

the only employment figures available at the city as well as regional level. Regional employment concentration estimates vary somewhat from those the RES consultants derived.)

Information Technology is the pilot cluster with the largest number of jobs in Bellevue (about 18,000 jobs or 18 percent of Bellevue's covered workforce in private establishments), followed by Aerospace Manufacturing with almost 3,000 jobs in Bellevue. Bellevue has a strong competitive edge compared to the nation in both of these industry clusters. However, Aerospace Manufacturing jobs are much less concentrated in Bellevue than in the region, while IT jobs are somewhat more concentrated in Bellevue than in the region.

The additional nine clusters identified in the Strategy and analyzed for Bellevue comprise another 13 percent of Bellevue's jobs. (The Military was identified as a cluster in the region but was not included in the analysis for the profile.)

The large majority of Bellevue's jobs in these other nine clusters are in Tourism and Business Services. After Information Technology, these are the largest of the RES clusters in Bellevue.

Most of Bellevue's Tourism-related jobs are in restaurants, hotels, and travel agencies. The cluster also includes businesses and organizations providing arts and recreational services.

The Business Services cluster in the RES includes insurance carriers, architectural services, engineering services, marketing consulting services, advertising agencies, public relations agencies, and market research agencies. *The Business Services cluster is defined very differently in the Regional Economic Strategy analysis than is the Business Services sector discussed in other parts of the Profile.* One large difference is that computer related and software industries are not included in the Business Services cluster as defined by the RES consultants. (Part of the difference also relates to the fact that clusters in the RES are combinations of industry categories in the North American Industry Classification System, while the Business Services sector discussed elsewhere in the profile is based on the Standard Industrial Classification system.)

Bellevue's concentration of Business Services jobs relative to that of the region indicates that these industries constitute a particular specialty in Bellevue. Bellevue's firms in this cluster play an important role in supplying services to other firms within the Puget Sound region. Many of the larger business service firms that are headquartered and otherwise located in Bellevue also serve clients nationally and internationally. In Bellevue, engineering services are an especially substantial portion of the Business Services cluster.

Employment

Introduction

Employment statistics provide some of the most basic, important, and commonly used of all economic indicators.

- The growth of overall employment and employment in various industry segments tells a great deal about the economic vitality of a community. This includes how strong and diverse the local economic base is and how resilient the economy is in the face of fluctuations, such as the recent recession which began in 2001 and from which the region is still recovering. High and growing levels of employment generally indicate the health of industries and the abundance of economic opportunities for residents.
- The size of the labor force and the percentage of the workforce that is unemployed are also key economic indicators. An unemployment rate that is low means that the economy is vital enough to provide jobs for almost everyone who is able to work.
- Insights into employment trends can help Bellevue meet the economic development goals and policies outlined in the Economic Development and Land Use elements of the city's Comprehensive Plan. These policies include encouraging and promoting employment opportunities for all residents and reviewing economic development strategies regularly so these strategies can respond to changes in the market.

The first part of this chapter focuses on trends in the number of jobs overall and the mix of jobs by industry sector in Bellevue and the Puget Sound region. Historical growth in jobs is briefly summarized. Then trends between 1995 and 2002 are examined in greater depth based on statistics for jobs covered by state unemployment insurance. This includes a focused look at trends within Bellevue as well as a comparison of trends in Bellevue with those in the surrounding Puget Sound region.

The second part of this chapter is focused on geographical aspects of employment in Bellevue and the Puget Sound region. Included is a look at employment densities in Bellevue relative to regional patterns as well as a description of Bellevue's primary job centers, including Downtown—which is also designated one of the region's Urban Centers. Included in this discussion is an examination of employment trends and forecasts as well as a series of sketches outlining the types of businesses in each of these local job centers.

The third part of the chapter looks at figures from other sources to provide a more up-to-date picture about what has been happening with jobs and unemployment in the broader area economy of which Bellevue is a part.

The chapter ends with a review of regional employment forecasts and these forecasts' potential implications for the growth of key industry groups in Bellevue. This part of the chapter draws from an analysis of forecasts and future trends conducted by Berk & Associates.

Another related indicator of a community's economic health is the *quality* of its jobs, which can be measured in part by looking at wages associated with these jobs. The Wages and Income chapter, which follows the current chapter, details patterns and trends in the wages paid by the types of industries in Bellevue. The Major Employers and Business Patterns chapter provides a more micro-level look at Bellevue's economy and focuses on the specific businesses that have been locating and expanding in Bellevue.

KEY FINDINGS AND IMPLICATIONS—Employment

Overall Employment Trends

In the last few decades, Bellevue has been transformed from a community with only about 20,000 jobs to a major regional economic and employment center with approximately 125,000 *total jobs,* a figure which exceeds the number of residents in the city.

During the period between 1995 and 2001, the number of jobs in Bellevue increased by 28 percent. (These figures and the figures below on industry trends are for *covered* jobs. These are jobs that are covered by state unemployment insurance. *Total* job numbers are likely to be about 10 to 15 percent higher than the numbers of covered jobs.) This was part of a trend in which employment in cities in the Eastside of King County grew particularly rapidly relative to the region generally and to the state as a whole. As an employment and business hub within the Eastside, Bellevue will continue to contribute to—and benefit from—expanded business linkages and economic synergies created with the growth on the Eastside.

Between 2001 and 2002 Bellevue, like the region as a whole, experienced a loss of jobs. Bellevue was harder hit than the region on a percentage basis, having lost approximately 8 percent of its covered employment base, or nearly 10,000 jobs, during this time period. However, despite that decline in employment, there were still 17 percent more covered jobs in Bellevue in 2002 than in 1995. In 2002 Bellevue had about 111,000 covered jobs. The overall number of covered jobs in Bellevue changed by less than one-tenth of one percent between 2002 and 2003. The detailed analysis of employment trends by industry in this profile extends only to 2002 because that is the most recent year for which such analysis was possible at the time the profile was written.

Employment by Industry Sector

Bellevue has a diversified mix of businesses within the FIRES, Retail, and WTCU sectors, which make up the three largest sectors of the city's economy.

Bellevue's strong concentrations of FIRES and High-Tech jobs fueled the city's growth between 1995 and 2001, but also took the biggest hits in numbers of jobs lost between 2001 and 2002.

The FIRES sector (which encompasses jobs in Finance, Insurance, Real Estate, and other Services) is an especially important and growing contributor to the employment base in the Puget Sound region, particularly in Bellevue.

- As of 2002, just under half of covered jobs in Bellevue were in the FIRES sector. This is substantially higher than the share of jobs FIRES contributed in the region and in King County as a whole.
- Between 1995 and 2002, FIRES jobs represented *three out of every four jobs added to Bellevue's employment base.*
- Within the FIRES sector, Bellevue has large concentrations of jobs in the Business Services subsector—a grouping of industries that includes firms providing a variety of services to businesses on a contract or fee basis. In 2002 almost three-quarters of jobs within Bellevue's Business Services subsector were in the Computer and Data Processing Services industry group. (This industry group includes many, though not all, computer related sectors of the economy; for example, computer programming services and the

development of prepackaged software.) Of all industry subsectors, Business Services added the greatest number of jobs to Bellevue's economy between 1995 and 2002.
- Also within the FIRES sector, Bellevue has significant concentrations of engineering firms, health services, real estate firms, financial institutions, and accounting firms.

Between 1995 and 2002 both the Retail sector (which made up 18 percent of Bellevue jobs in 2002) and the WTCU sector (which comprised 15 percent) added jobs to Bellevue's employment base. The WTCU sector is comprised of Wholesale Trade, Communications, and Utilities subsectors.
- Large proportions of the WTCU jobs in Bellevue are in Communications and Wholesale Trade.
- WTCU employment growth was also stronger in Bellevue than in King County as a whole.

Jobs in the High-Technology cluster of industries are a critical and growing part of the employment base in the Puget Sound region, particularly in Bellevue and the balance of the Eastside.
- Almost two-thirds (64 percent) of all High-Tech jobs in King County (which is the high-tech center of the region) were located on the Eastside in 2002. That year Bellevue contained about one in four of the Eastside's jobs in High-Technology as well as the majority of the Eastside's jobs in the "Computer Related" subcategory of High-Technology employment.
- In 2002 High-Technology jobs made up about 16 percent of Bellevue's employment base.

While employment in Bellevue's High-Tech firms grew rapidly between 1995 and 2001, nearly half of the jobs lost in Bellevue between 2001 and 2002 were High-Tech jobs.

Jobs located in Bellevue constituted about one-tenth (10 percent) of overall jobs in King County. However, Bellevue contributed proportionally larger shares of the county's jobs in some sectors, particularly in FIRES (13 percent) and WTCU (12 percent), and in the High-Tech cluster (16%).

Bellevue has been, and will continue to be, well positioned to capture a significant portion of both the FIRES and High-Tech jobs in the region. These are industry groupings which include many "new economy" jobs—jobs that require high levels of knowledge to perform, generally pay well, and represent a growing part of the national and global economies.

Labor Force and Unemployment Trends Since the 2001 Downturn

At the *national* level the recent recession officially began in March of 2001 and ended eight months later, according to the National Bureau of Economic Research. However, the number of jobs in King County continued to decline before starting to increase appreciably in 2004.

While unemployment rates associated with the recent recession have not been particularly high from a historical perspective, the recovery from the recession has been slow, especially in urban areas of the state including King County. Monthly unemployment rates in King County (which is the finest level of geography for which statistics are available) have come down since peaking at 7.1 percent in summer of 2003. As of December 2004 the King County unemployment rate was 4.7 percent (preliminary figure, not seasonally adjusted).

While employment in King County has begun getting some strength back since the beginning of 2004, it has quite a bit further to go to recover fully from the recession. The same is also likely true of employment in Bellevue.

Regional Employment Forecasts

Leading economists are forecasting that the region's economy, including that of the Seattle Metropolitan Area, will continue adding jobs for at least the next two years in the current economic cycle. Given that general employment trends in Bellevue have tended to reflect those of the larger labor market, regional forecasts suggest that job growth in Bellevue will also likely continue in the near term.

An analysis of future trends that Berk & Associates conducted for this profile found that Bellevue's strengths match well with the strengths in the Puget Sound region's industry-specific employment forecasts. Overall, the Berk analysis concluded that Bellevue is in strong position, with a large, diverse economy and industries forecast to grow rapidly in the regional economy.

- The Bellevue economy has concentrations of jobs in the Professional and Business Services sector and the Information sector. These sectors are major economic drivers in the regional economy and are projected to grow rapidly in regional forecasts.
- The Health Care and Social Assistance subsector is strong in the city, with Overlake Hospital growing and expecting to add jobs in two years with additional expansions to follow.
- There are many retail jobs in the city and regional forecasts suggest continued growth in regional retail sales. As a regional draw of consumer spending, Bellevue will benefit from increased retail spending. Bellevue's ability to draw regional spending will also be enhanced with major retail components in new mixed use developments such as Lincoln Square.

Employment Densities in the Region and Trends in Bellevue's Jobs Centers

Employment is distributed in significantly more concentrated patterns within the region than is population. Bellevue's jobs-to-population ratio has been increasing in recent decades as employment growth has outpaced population growth. The extent to which Bellevue is importing workers from the region is anticipated to continue increasing given that Bellevue's job growth rates are expected to continue to exceed Bellevue's population growth rates. This trend is identified in the local allocation of regional employment and housing growth targets for Bellevue. To help facilitate coordination between the growth of jobs and housing at the subregional level within King County, both 42 percent of the county's jobs growth target *and* 42 percent of the county's *housing* growth target were apportioned to the Eastside as part of the allocation of growth targets under the Growth Management Act. Bellevue's high jobs-to-population ratio also suggests the need to both:

- Continue to develop housing—including housing affordable to workers employed across the spectrum of Bellevue's industries—to enhance live-work connections in Bellevue's job centers and to add to the vitality of these centers.
- Ensure access to efficient commuting links to Bellevue from housing both within and outside of the city.

The fact that Bellevue employers draw such a large proportion of their workforce from outside of Bellevue also underscores that many residents and families in other communities within the region also have a direct stake in Bellevue's economic vitality.

More than 90 percent of Bellevue's jobs are located in four major local employment centers, which have developed based on factors such as proximity to an attractive customer base, business linkages, appropriate zoning, transportation access, and available land. The figures provided below for the centers are based on total job numbers, which are somewhat higher than jobs covered by unemployment insurance.

- Downtown (34,250 total jobs in year 2000) — Downtown is home to tall office buildings in which tens of thousands of employees work, as well as extensive restaurant and shopping opportunities, including those in the major regional Bellevue Square shopping mall. With about a quarter of Bellevue's approximately 130,000 *total* jobs in 2000, Downtown Bellevue is the most dense employment center in Bellevue and the second highest employment density in the region after Downtown Seattle. Downtown employment is forecast by the Puget Sound Regional Council to grow by 77 percent between 2000 and 2020, bringing the total number of jobs in Downtown to over 60,000 by the end of this period. This is the highest forecast growth rate of the jobs centers in Bellevue and in any substantial urban employment center in King County.
- SR-520/Bel-Red (43,750 total jobs in year 2000) — This employment center is less dense than Downtown, but currently contains one-third of the city's jobs. Compared with growth in Downtown, growth in SR-520/Bel-Red, as well as other employment centers in Bellevue, is currently forecast to be modest. Overlake Hospital, one of the major hospitals on the Eastside, provides an important anchor in the western part of the SR-520/Bel-Red employment center. Historically, parts of the Bel-Red area have served as the city's warehouse and manufacturing district, although the area is in transition. The City of Bellevue is engaging in a study of the Bel-Red subarea in 2005 that may influence the future growth potential of the area.
- 116th/Bellefield (16,150 total jobs in year 2000) — This area, located along the I-405 corridor, has a heavy concentration of offices and hotels and also includes a significant number of auto dealers and retail stores. There are fewer jobs in the 116th/Bellefield job center than in the other three major Bellevue job centers. However, employment in this area is forecast to grow somewhat more quickly than in Bellevue's other two job centers outside of Downtown (SR-520/Bel-Red and Eastgate/Factoria).
- Factoria/Eastgate (25,650 total jobs in year 2000) — This area is located along the I-90 corridor. It includes a large number of office-oriented uses, a few hotels, and several retail shopping centers, particularly along Factoria Boulevard where Factoria Mall is located and at the intersection of 148th Avenue NE and I-90. New economy jobs, including those in the High-Tech cluster, are among the main types of employment held by workers in the office complexes along the I-90 corridor in the Factoria/Eastgate area.

Crossroads, in the northeast quadrant of the city, is a community commercial center containing the Crossroads Bellevue shopping center, additional retail stores and services, and offices. While Crossroads does not function as one of the city's *major* employment centers, its businesses serve both the larger community as well as nearby neighborhoods, which contain many new immigrants. In addition, Bellevue has several smaller, neighborhood-oriented retail centers that provide goods, services, and gathering spaces for the nearby neighborhoods.

Encouraging employment growth within existing urban centers is a cornerstone of *Vision 2020*, the long-range growth management, economic, and transportation strategy for the Puget Sound region. Downtown Bellevue is one of the urban centers in which *Vision 2020*, King County's Countywide Planning Policies, and the city's own Comprehensive Plan aim to concentrate both employment and residential growth.

Bellevue's Historic Employment Trends in a Regional Context

As shown in the table below, while population growth in Bellevue has been vigorous during the past few decades (with growth approaching or exceeding 20 percent per decade), employment growth has been even more so.

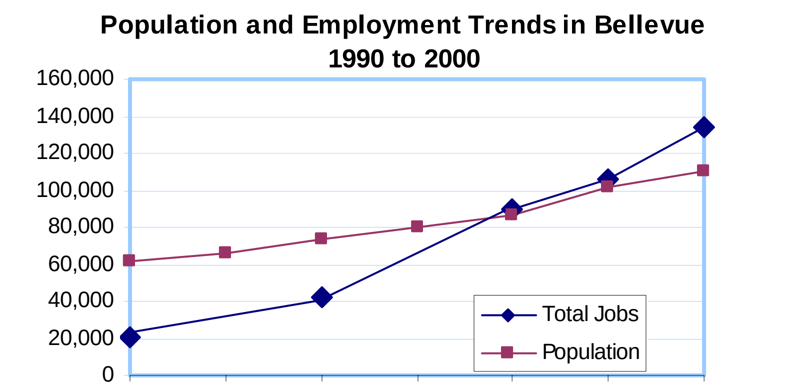
As the table and chart below show, Bellevue went from having a population of 61,196 persons and approximately 21,000 jobs (or 1 job for every 3 persons) in 1970 to having more jobs than persons in 2000. This makes Bellevue an importer of workers from other parts of the region.

Population and Employment Trends in Bellevue 1970 to 2000

	1970	1980	1990	2000	% Change 1970 to 1980	% Change 1980 to 1990	% Change 1990 to 2000
Total Jobs	21,000	42,000	90,000	130,000	~100%	~115%	~45%
Population	61,196	73,903	86,874	109,827	21%	18%	26%

Total job figures are estimates. (Total job numbers are about 10 to 15 percent higher than the number of jobs covered by unemployment insurance.)
Sources: United States Census Bureau, Puget Sound Regional Council, Washington State Employment Security Department, and City of Bellevue Department of Planning & Community Development

Within the decade between 1990 and 2000, job growth in Bellevue was especially rapid between 1995 and 2000.



Sources: U.S. Census Bureau, Puget Sound Regional Council, Washington State Employment Security Department, City of Bellevue Dept. of Planning & Community Development

(A significant portion of the growth in the numbers of residents in Bellevue has been due to growth in city's area associated annexations, although this has varied by decade. By contrast the only large influx of employment brought into the city with annexation since 1970 occurred when Factoria was annexed in 1993.[1]) More information on local and regional population trends, and their relation to economic trends, is presented in the chapter on Population and Labor Force Demographics.

Trends of substantial population growth rates and even more rapid employment growth are not just true for Bellevue, but also for King County generally and for the East King County particularly. However, in contrast to the pattern in Bellevue, within the East King County as a whole the number of residents remained lower than the number of jobs. The table on the following page shows employment and population growth within the East King County subarea *since 1980.*

Within the eastern subarea[2] of King County (which is the geography generally referred to in this profile simply as the "Eastside"), employment growth has greatly outpaced population growth. In addition, employment growth on the Eastside has outpaced employment growth in other portions of King County and the region. In 1980, roughly 13 percent of all King County jobs were on the Eastside; by 2000, this figure had increased to about 25 percent.

Population and Jobs Trends in East King County 1980 to 2000

	1980	1990	2000	% Change 1980-1990	% Change 1990-2000
Total Jobs	87,000	205,000	305,000	~135%	~50%
Population	258,000	337,000	387,200	31%	15%

Total job figures are estimates. (Total job numbers are about 10 to 15 percent higher than the number of jobs covered by unemployment insurance.)
Sources: U.S. Census, Puget Sound Regional Council, King County Budget Office, Washington State Employment Security Department

The changing dynamics of employment patterns on the Eastside and in Bellevue are based largely on trends that have been occurring within the regional economy.

- **Increasing prominence of the FIRES sector** – In 1960, almost a quarter (24 percent) of all jobs in the Puget Sound region were in the Manufacturing sector, while 18 percent of jobs were in the "FIRES" sector (which encompasses jobs in Finance, Insurance, Real Estate, and other Services). Of the 1.3 million jobs added to the Puget Sound regional economy since 1960, about 45 percent were in the FIRES sector. While the number of jobs in all sectors (including Manufacturing) has grown substantially since 1960, in 2000 the Manufacturing sector constituted only 12 percent of all regional jobs, while FIRES jobs represented 36 percent of all regional jobs,[3] and an even higher percent of all countywide jobs.
- **Rapid growth in High-Technology jobs** – The rise of High-Tech has also become one of the most important drivers increasing regional and well as local employment, especially in the period between 1995 and 2001, as discussed further in the next section. Jobs added by High-Tech industries have significantly expanded the number of jobs in the region and these jobs typically provide higher than average wages.[4]

The growth of the Puget Sound region's economy during the last three decades has been largely due to the expansion of the FIRES sector, and more recently also due to the rise of High-Technology firms. These trends have not only increased the size of the regional economy, but have also diversified it in a way that has tempered the effect of the boom and bust cycles of the aerospace and natural resources-based industries that historically dominated the region's economy.

Trends affecting the Puget Sound reflect a wider transition in the nation as a whole from a manufacturing-based economy to a predominantly service-based economy which is now much more oriented to technology and information, and which is also more connected to global influences.

The Puget Sound region, and King County in particular, are among the leading places in the nation where "new economy" jobs have flourished. Within King County, Bellevue and its Eastside neighbors are some of the places with the highest concentrations of new economy firms along with the greatest concentrations of people prepared with the levels of knowledge and technical skills needed to perform these jobs.

As expanded on in the remainder of this chapter, Bellevue has been, and will continue to be, well positioned to capture a significant portion of both FIRES and High-Tech jobs. These include the types of jobs economists refer to as "new economy" jobs which represent a growing part of the regional, national and global economies (see sidebar).

Trends in Covered Employment in Bellevue and the Region: 1995 to 2002

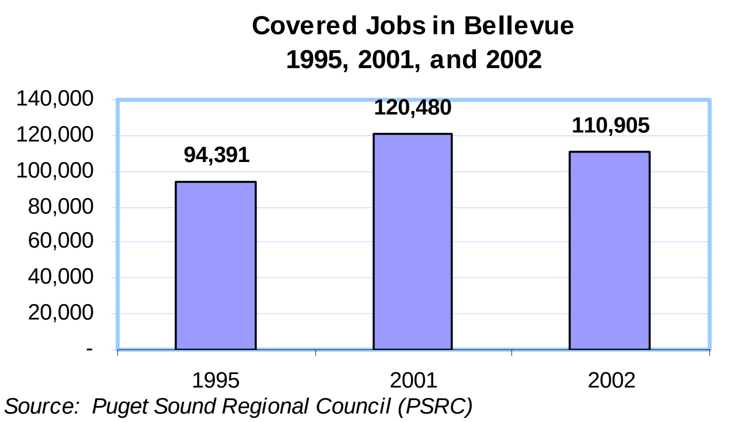
This section summarizes job growth trends in Bellevue and the Puget Sound region in recent years. The relative contribution of different industry sectors to the growth of Bellevue's economy within this recent time period is also highlighted and discussed in some detail.

The information available and presented in this section of the Employment chapter is for *covered* jobs. These are jobs that are covered by state unemployment insurance program, which is administered by the Washington State Employment Security Department (ESD). The Puget Sound Regional Council (PSRC), which maintains a database of covered jobs under an information sharing agreement with ESD, is the source of all covered employment data in this chapter unless otherwise specified. Figures are from March of each year.[5] These jobs do not include those held by self-employed workers, sole proprietors, corporate officers, and other non-insured workers**. *Total* job numbers are likely to be about 10 to be 15 percent higher than the numbers of covered jobs.**

The time period for this recent trends analysis is 1995 to 2002. Data for 2003 became available as the final draft of this profile was being written. However, 2002 is the most recent year for which city level data allows for consistently-coded industry sector comparisons over many years. (See page 26 for further explanation). It is useful to know however, that *at the aggregate level,* covered jobs in Bellevue changed only very little—i.e., by less than one tenth of one percent—between 2002 and 2003.

Overview of Trends in Bellevue and the Region

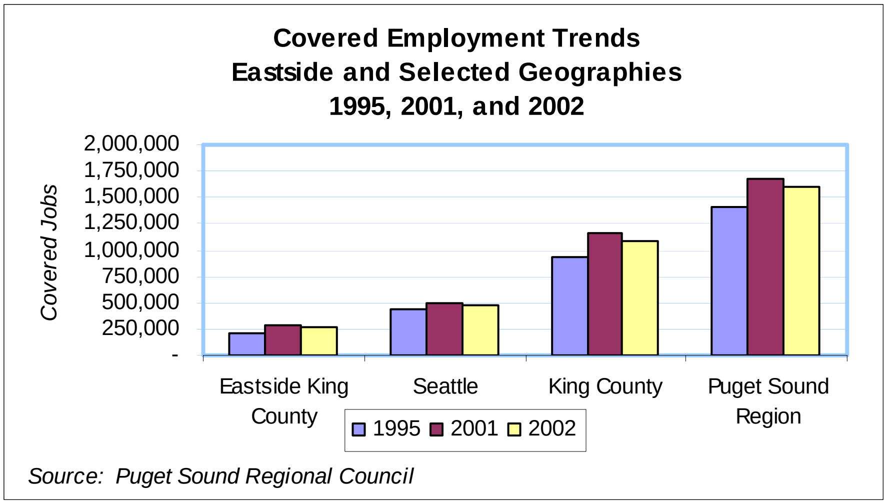
Between 1995 and 2001, slightly more than 26,000 jobs were added to Bellevue's 1995 base of approximately 94,400 covered jobs, representing a 28 percent increase during those years. During this period, employment in the four-county Puget Sound region (comprising King, Kitsap, Pierce, and Snohomish counties) increased about 20 percent. Over these years, Bellevue supplanted Tacoma as the Puget Sound region's second largest employer after Seattle.



Source: Puget Sound Regional Council (PSRC)
Note: Just-released estimates show virtually no change in overall number of covered jobs between 2002 and 2003.

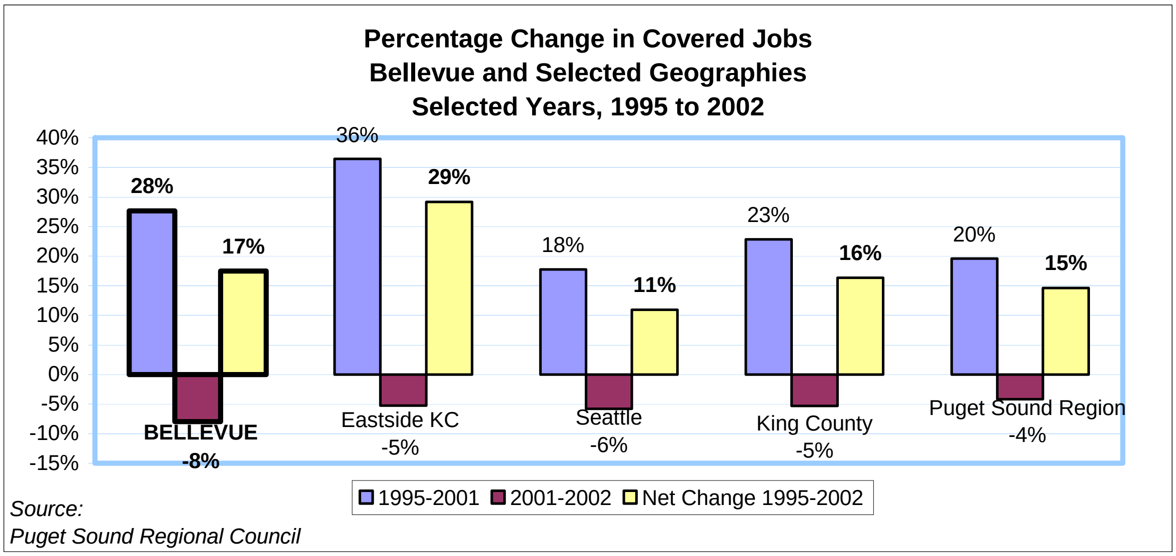
Even after the job losses incurred regionally and locally between 2001 and 2002, Bellevue had substantially more covered jobs in 2002 than in 1995. In the year 2002 there were about 111,000 covered jobs or about 125,000 total jobs in Bellevue.

Bellevue's rapid employment growth between 1995 and 2001 was part of a trend in which employment in King County grew at a faster rate than in the Puget Sound region and state as a whole, and in which employment in cities on the Eastside grew *particularly* quickly.



Rapid growth in FIRES sector and High-Technology cluster were two of the most important drivers increasing regional as well as local employment between 1995 and 2001.

Between 2001 and 2002 Bellevue, like the rest of the Eastside and Puget Sound region as a whole, experienced a decrease in employment. This was associated with the recent national recession which began in March 2001 after the "dot com" decline started taking its toll. The national economy continued to worsen in 2001 after the September 11th terrorist attack, with the already faltering aerospace industry especially hard hit. Boeing began laying off large numbers of employees, many in the Puget Sound region and the company moved its headquarters away from the region. Between 2001 and 2002, the four-county Puget Sound region (comprising King, Kitsap, Pierce, and Snohomish counties) lost about 69,700 covered jobs while Bellevue lost approximately 9,600 covered jobs.



The chart above highlights rates of change in covered employment in Bellevue, the Eastside as a whole, Seattle, King County as a whole, and the four-county Puget Sound region. **Within the Puget Sound region, King County—and the Eastside in particular—led job growth between 1995 and 2001.**

King County—and, in this case, *Bellevue* in particular—also experienced a greater percentage decrease in employment during the downturn that followed.

Despite the net decrease in the number of jobs between 2001 and 2002, both the Puget Sound region as a whole and Bellevue had more jobs in 2002 than they did in 1995. As previously noted, in the year 2002 Bellevue had about covered 111,000 jobs, or about 16,500 jobs more covered jobs than in 1995. This represented a net increase of 17 percent between 1995 and 2002. During that same period, the number of covered jobs in the Puget Sound region as a whole went from about 1,606,000, for a net gain of about 15 percent.

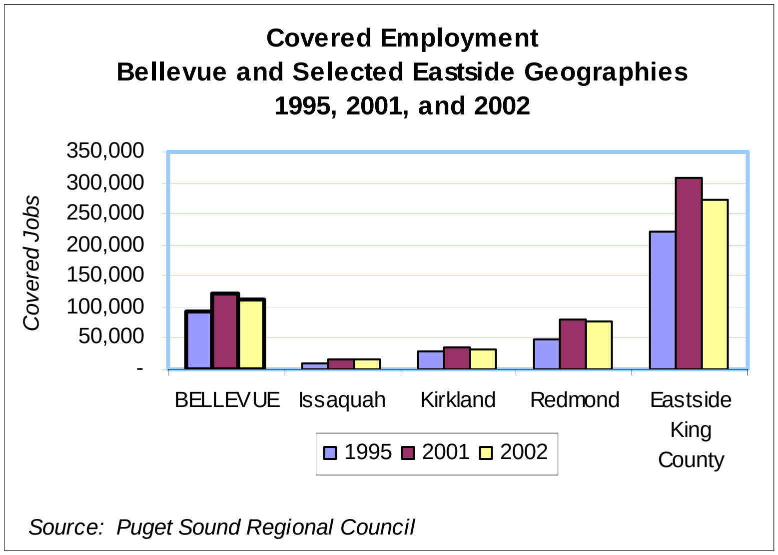
The table that follows provides more details on recent trends in covered employment in the Puget Sound region. This includes trends in other King County cities with employment of at least 15,000 as well as trends in Tacoma and Everett, which are respectively, the cities in Pierce and Snohomish Counties with the largest employment bases.

Total Number of Covered Jobs and Percent Change
1995, 2001, and 2002
Bellevue and the Puget Sound Region

	1995	2001	2002	% Change 1995-2001	% Change 2001-2002	% Change 1995-2002
BELLEVUE	**94,391**	**120,480**	**110,905**	**28%**	**-8%**	**17%**
Other King County Cities:						
Federal Way	24,533	29,820	29,993	22%	1%	22%
Issaquah	9,253	15,604	15,802	69%	1%	71%
Kent	55,345	59,993	58,709	8%	-2%	6%
Kirkland	28,240	34,307	31,836	21%	-7%	13%
Redmond	47,657	78,853	77,365	65%	-2%	62%
Renton	42,702	54,970	51,399	29%	-6%	20%
Sea Tac	25,103	31,957	29,232	27%	-9%	16%
Seattle	428,590	504,734	475,548	18%	-6%	11%
Tukwila	43,322	43,312	41,078	0%	-5%	-5%
Eastside King County	208,391	284,250	269,237	36%	-5%	29%
King County	940,883	1,155,525	1,094,413	23%	-5%	16%
Kitsap County	68,147	72,389	74,375	6%	3%	9%
Pierce County	209,890	238,176	234,208	13%	-2%	12%
Tacoma	96,195	100,391	99,748	4%	-1%	4%
Snohomish	182,540	209,941	203,347	15%	-3%	11%
Everett	66,312	74,123	69,968	12%	-6%	6%
Puget Sound Region*	1,401,460	1,676,031	1,606,343	20%	-4%	15%

**Four-county Puget Sound region comprising King, Kitsap, Pierce, and Snohomish counties.*
Source: Puget Sound Regional Council

Between 1995 and 2002, the Eastside added about 61,000 jobs, for a 29 percent net increase. **While the 17 percent increase in Bellevue's jobs base was not as dramatic as the rate of growth in the Eastside as a whole, the increase in Bellevue was quite a bit higher than the increase in Seattle, and also somewhat higher than that in King County as a whole and the region generally.**



While Bellevue's neighbor Redmond does not have as many jobs as Bellevue (in the year 2002 Redmond had the second greatest number of jobs on the Eastside after Bellevue), growth in covered jobs was more rapid in Redmond than Bellevue. The fact that Redmond is home to the headquarters of technology giant Microsoft Corporation is a prime reason that the rate of employment growth in Redmond has been so dramatic.[6] Much of Redmond's growth occurred in the Overlake area of Redmond (which borders Bellevue) where Microsoft's Corporate Campus is located. **The presence of Microsoft has likely been a major factor aiding both Redmond and other Puget Sound neighbors, including Bellevue, in attracting High-Tech business and job growth.**[7]

Because it is easier to develop vacant land than to redevelop properties with existing structures, the relative scarcity of vacant commercially-zoned land in Bellevue contributed to job growth being less rapid in Bellevue than it was in the Eastside as a whole. The smaller, outer-ring Eastside cities of Issaquah and Woodinville, where covered employment between 1995 and 2002 grew by 71 percent and 55 percent respectively, are examples of places in which availability of vacant land has helped fuel jobs growth. Kirkland, where the number of covered jobs grew by 13 percent, is an example, like Bellevue, of a more mature Eastside city with a lower proportion of vacant commercial land. **As undeveloped properties in the rest of the Eastside become scarce, and emphasis shifts to redevelopment, Bellevue—with its location, and current and planned infrastructure—will likely attract a large share of business expansion.**

In both the near term as well as long term, Bellevue's position as an employment and business hub within the Eastside will enable it to benefit from expanded business linkages and economic synergies created by overall growth on the Eastside.

Employment in Bellevue by Industry Sector

This section examines how covered employment in Bellevue was distributed by industry sector in 2002 and examines how this mix has changed since 1995. The distribution of Bellevue's covered employment is indicated in the pie chart on the following page. As previously explained, this analysis is for 2002, because this was the most recent year for which comparisons could be made several years back (in this case, back to 1995). Also as previously noted, *covered* employment refers to jobs that are covered by state unemployment insurance. **Bellevue's *total* employment is likely 10 to 15 percent higher.**

The first part of the section discusses employment in Bellevue based on industry coding at the major sector level. The second part goes into some detail about which individual industry subsectors contribute the largest shares of jobs in Bellevue's and which have been growing the most rapidly. Insights into employment patterns by sector are key to identifying the strengths and vulnerabilities of Bellevue's local economy, as well as to recognizing the most fruitful opportunities for development.

The industry sectors referred to in this section are based on the Standard Industrial Classification (SIC) system.[8] The covered employment data that the Washington State Employment Security Department makes available and that PSRC maintains has been based on SIC coding and was only recently switched over to the new North American Industry Classification System (NAICS). **Data for 2003 is available based only on NAICS coding (which will also be the case for future years). However, only SIC coding allowed a look at trends prior to 2001 at t he time the profile analysis was completed.**

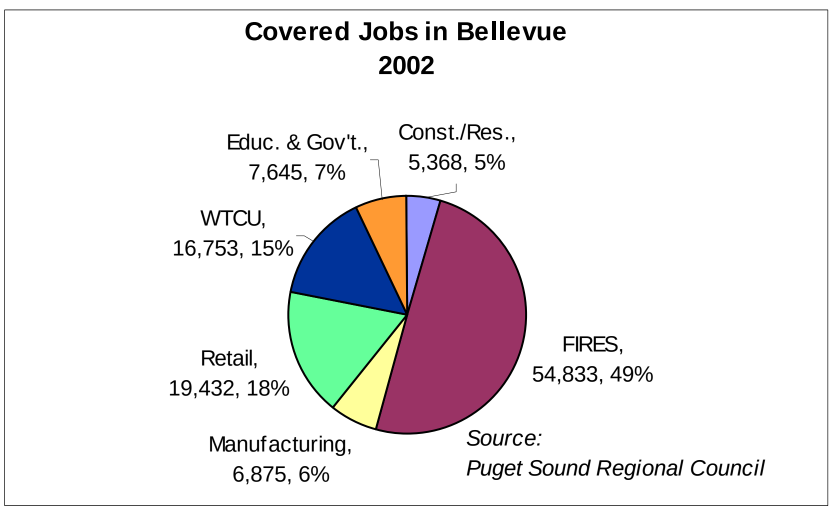
Appendix A provides a brief summary of 2003 covered employment in Bellevue by *NAICS industry codes*, and shows how employment by NAICS-coded industries changed between 2002 and 2003. The industry analysis in this profile's final chapter examines Bellevue's employment in regionally important clusters identified as part of the recently-launched Regional Economic Strategy—these regionally important clusters were identified based on NAICS coding,

Major Industry Sectors

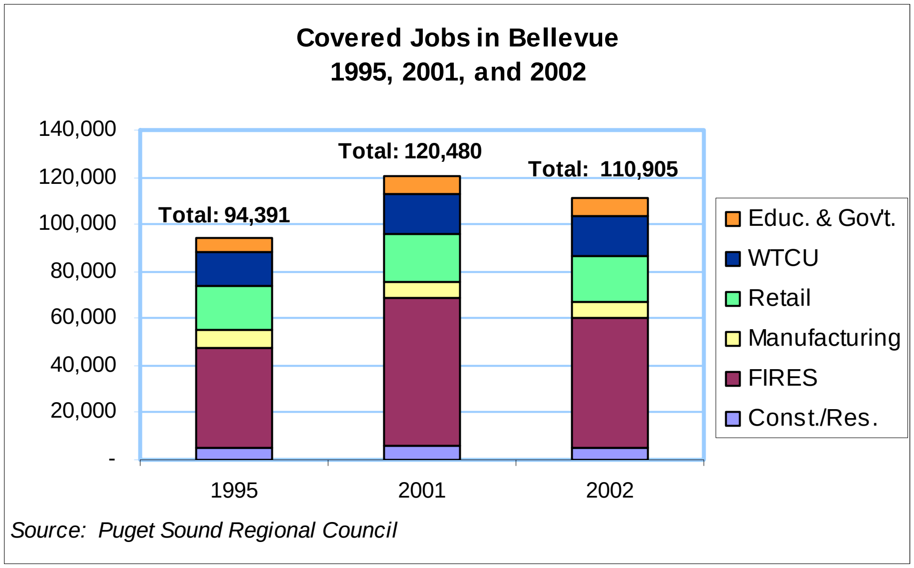
In the year 2002 Bellevue had 110,905 covered jobs. (The estimate of Bellevue's *total* jobs in 2002 is approximately 125,000). Approximately 54,800, or just under half of covered jobs in Bellevue are in the FIRES sector (a sector which encompasses jobs in Finance, Insurance, Real Estate, and Services). This sector includes a large majority of High-Tech jobs, including employment in prepackaged software development and additional computer related services not otherwise classified. Bellevue's FIRES jobs represent 45 percent of all FIRES jobs on the Eastside.

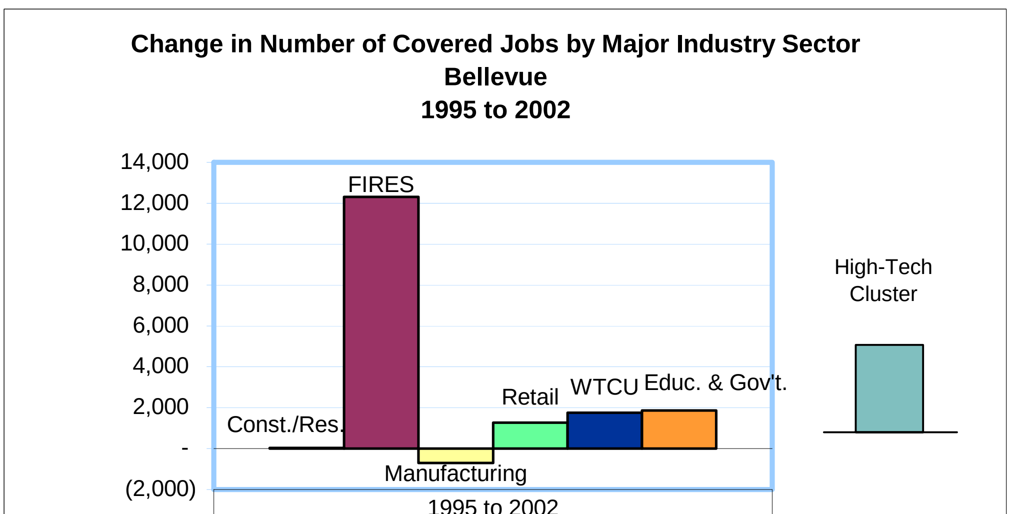
Bellevue's other major employment sectors are Retail, with more than 19,000 jobs, and WTCU (Wholesale Trade, Transportation, Communications, and Utilities) with almost 17,000 jobs.

With regard to High-Technology employment (a definition that primarily includes information technology jobs in the FIRES sector but also includes High-Tech industries in the Manufacturing and WTCU sectors) Bellevue had approximately 17,300 jobs in 2002.



In Bellevue, while the FIRES sector accounted for a substantial majority of the losses between 2001 and 2002, it contributed *an even greater percentage of the gains* during the preceding economic boom between 1995 and 2001. The net result was that in 2002, Bellevue had over 12,000 more FIRES jobs than it did in 1995. Thus, between 1995 and 2002, jobs in the FIRES sector went from making up 45 percent of Bellevue's covered jobs to accounting for 49 percent—or almost half—of the jobs in the city.





	1995 to 2002
Const./Res.	27
FIRES	12,311
Manufacturing	(704)
Retail	1,269
WTCU	1,753
Educ. & Gov't.	1,858

High-Tech: 4,039

Source: Puget Sound Regional Council

While the FIRES sector added the *most* jobs of any major sector between 1995 and 2002, all other sectors of Bellevue's economy except for Manufacturing also added jobs during this period. The sectors that added jobs included the WTCU sector, which in Bellevue is largely driven by the Communications industry. The Manufacturing sector, which as noted was the exception, lost about 700 jobs during this period.

The number of jobs in the High-Technology cluster (many of which are FIRES sector jobs), increased by the prodigious rate of 65 percent in Bellevue between 1995 and the recent economic peak of 2001, then experienced a 21 percent decrease between 2001 and 2002 percent. However, despite this, there was a large net gain in High-Tech jobs between 1995 and 2002. **Between 1995 and 2002, about 4,000 jobs in the High Technology cluster of industries were added in Bellevue, representing a growth rate of 30 percent.**

As indicated in the first section of this chapter, many of the changes seen in Bellevue's economy between 1995 and 2002 are extensions of long term trends in the region and the nation involving a shift away from manufacturing jobs to knowledge-driven service sector and High-Tech jobs, which are now being referred to collectively as "new economy" jobs. As detailed further in the regional comparisons following this section, Bellevue and the Eastside generally have had a head start with regard to these trends. This is because the evolution of industries on the Eastside has been more geared to the new economy than is it has in the nation and also even in the Puget Sound region as a whole.

Industry Subsectors

Bellevue has a diversified mix of businesses within the FIRES, Retail, and WTCU sectors, which make up the three largest sectors of the city's economy. Within the FIRES sector, which contributes almost half of the covered employment in Bellevue, there are large concentrations of jobs in Business Services (including companies developing software), engineering firms, health services, real estate firms, financial institutions, and accounting firms. The Retail sector is led by restaurants, grocery stores, miscellaneous retail (e.g., department stores), and automobile dealers. The largest WTCU sector employers in Bellevue are those in the Wholesale Trade and Communications industries. While the Manufacturing sector and the Construction and Resources sector employ fewer persons than do other sectors, a few industries in these sectors employ large numbers of workers. Within the Manufacturing sector, transportation equipment is the leading source of employment. Within the Construction and Resources, general and specialty contractors make up the bulk of employment.

The bulleted list below shows the largest specific industry subsectors (i.e., with *4,000 or more* jobs) in Bellevue in the year 2002:

- **Business Services: 12,335 jobs (FIRES)**
- **Engineering, Accounting, and Management:: 6,794 jobs (FIRES)**
- **Health Services: 6,538 jobs (FIRES)**
- **Real Estate: 4,258 jobs (FIRES)**
- **Communications: 4,957 jobs (WTCU)**
- **Eating and Drinking Places: 4,997 (Retail)**
- **Wholesale Trade (durable and non-durable goods): 7,281 jobs (WTCU)**

The first four industry subsectors in the list above—which are all part of the FIRES sector—each increased their employment in Bellevue at a pace exceeding Bellevue's overall employment growth. The same was true for the Communications subsector (part of the WTCU sector). The employment information shown at this level of industry detail is from a custom query conducted by PSRC on the covered employment database it maintains. (These employment figures are somewhat lower than actual employment because they omit the portion of jobs in PSRC's database for which specific locations could not be identified.[9, 10])

The table on the following page provides additional detail for industry subsectors with 1,000 or more jobs in Bellevue in 2002. Classification of subsectors in this table is at the two-digit level of SIC coding. The table includes the number of covered jobs in 2002 as well as the absolute and percentage change in employment between 1995 and 2002.

Industry subsectors with employment growth that was more rapid than Bellevue's overall employment growth rate of 17 percent during this period are shown in bold text (which also appears blue when viewed in color). Jobs in these industries grew as a share of Bellevue's employment during this period. **Most of these industry categories, including Business Services, are in the FIRES sector.**

In addition to being the industry subsector with the greatest number of employees and one of the most rapidly growing, Business Services also added the greatest number of jobs. This subsector includes firms providing a variety of services to businesses on a contract or fee basis. **In Bellevue, almost three-quarters of jobs within Business Services were in the Computer and Data Processing Services group of industries**. This group of industries includes many, though not all, computer related industries; for example, computer programming services and the development of prepackaged software.[11] Computer and Data Processing Services also represent the lion's share of High-Tech jobs in the FIRES sector as a whole.

- Employment in the **Computer and Data Processing Services group grew by 3,869 jobs for a 74 percent growth rate. In 2002 there were 9,079 jobs in Bellevue in this group of industries**.[12]
- The FIRES sector contained many other growing industries in addition to those in the High-Tech categories such as computer and data processing services. **Even without the High-Tech businesses that are part of the sector, Bellevue's FIRES sector grew at rates that exceeded overall job growth in the city.**

Three large subsectors outside of FIRES also had job growth rates exceeding the overall rate of job growth: Communications (WTCU), Miscellaneous Retail (Retail), and Automotive Dealers and Service Stations (Retail).

Covered Employment in Bellevue by Industry Subsectors 2002 and Change 1995 to 2002				
SIC Major Industry Group Category	**Description**	**Covered Jobs 2002**	**Change in Number of Jobs 1995 to 2002**	**Percentage Change 1995 to 2002**
Construction/Resources				
15	General Building Contractors	2,301	(486)	-17%
17	Special Trade Contractors	1,851	218	13%
Manufacturing				
37	Transportation Equipment	3,283	(264)	-7%
WTCU				**9%**
48	**Communications**	**4,957**	**1,320**	**36%**
49	Electric, Gas and Sanitary Services	1,101	(31)	-3%
50	Wholesale Trade - Durable Goods	5,189	(331)	-6%
51	Wholesale Trade - Nondurable Goods	2,092	(427)	-17%
Retail				
53	General Merchandise Stores	1,231	(233)	-16%
54	Food Stores	3,222	192	6%
55	**Automotive Dealers & Srvc. Stations**	**2,204**	**591**	**37%**
56	Apparel and Accessory Stores	1,894	80	4%
57	Furniture and Home Furnishings	1,629	97	6%
58	Eating and Drinking Places	4,997	155	3%
59	**Miscellaneous Retail**	**2,656**	**487**	**22%**
FIRES				
60	Depository Institutions	1,154	(245)	-18%
61	Nondepository Credit Institutions	2,127	167	9%
62	**Security, Commod. Brokers & Srvcs.**	**1,144**	**433**	**61%**
63	Insurance Carriers	1,075	(503)	-32%
64	Insurance Agents, Brokers and Srvcs.	1,110	27	2%
65	**Real Estate**	**4,258**	**1,112**	**35%**
70	Hotels and Other Lodging Places	1,196	(450)	-27%
72	**Personal Services**	**1,871**	**735**	**65%**
73	**Business Services***	**12,335**	**3,762**	**44%**
79	Amusement and Recreation Services	1,528	44	3%
80	**Health Services**	**6,538**	**1,516**	**30%**
82	**Educational Services**	**1,877**	**981**	**109%**
83	**Social Services**	**1,849**	**800**	**76%**
87	**Engineering, Accounting & Mgt.**	**6,794**	**1,026**	**18%**
Education/Government				
	Education	3,847	505	15%
	Government	**3,723**	**1,236**	**50%**

**Business Services includes computer and data processing services group.*
Source: Puget Sound Regional Council

Specific Industry Types within High-Tech Cluster

As noted previously, the High-Tech cluster of industries added a substantial number of jobs in Bellevue between 1995 and 2002. The following table provides more detail for Bellevue on trends in jobs within the High-Technology cluster.[13]

Covered Employment in Bellevue
High-Technology Cluster by Industry

	Description	Covered Jobs 2002	Change in Number of Jobs 1995 to 2002	Percentage Change 1995 to 2002
High-Tech Cluster				
	Biotechnology	733	-262	-26%
	Chemicals and allied products	*	*	*
	Computer related	**3,627**	**1,534**	**73%**
	Electronic equipment	939	-91	-9%
	Instruments and related products	223	-676	-75%
	Software	**7,169**	**2,355**	**49%**
	Telecommunications	**4,528**	**1,203**	**36%**
	Other (including Non-Boeing Aerospace and Chemicals and Allied Products).	74	*	*
	Total High-Tech	**17,293**	**4,039**	**30%**

**Asterisks in this table indicate figures that were suppressed due to confidentiality requirements.*
Source: Puget Sound Regional Council

In the year 2002 there were a total of 17,293 High-Technology jobs located in Bellevue. High-Tech industries with the largest number of jobs in Bellevue were:

- **Software: 7,169 jobs**
- **Telecommunications: 4,528 jobs**
- **Computer Related: 3,627 jobs**

Between 1995 and 2002, employment in Bellevue's largest three High-Tech industries increased at rapid rates that well-exceeded the city's overall 17 percent rate of employment growth.

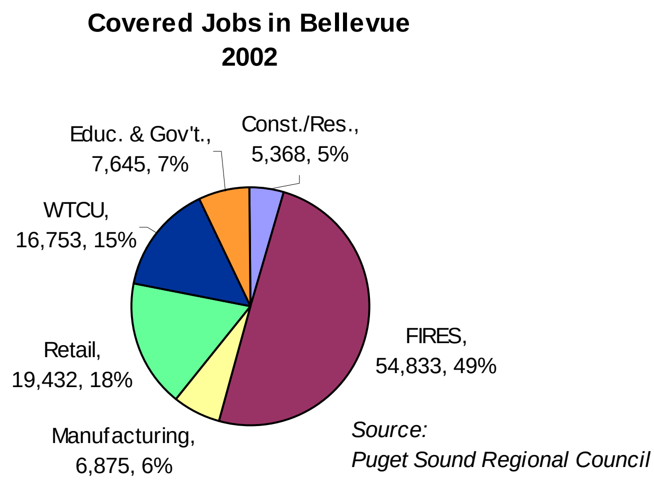
Although the Software industry is the largest High-Tech employer in Bellevue and grew rapidly in Bellevue, the computer related industry group is the part of High-Tech that grew at the faster clip locally. As previously noted, the Computer Related category includes a variety of specific industries including systems design, computer programming and data preparation, information retrieval services, computer maintenance and services and other computer related services. **Jobs in Telecommunications also increased rapidly, but by a somewhat smaller percentage and absolute number of jobs** than did these other two industries.

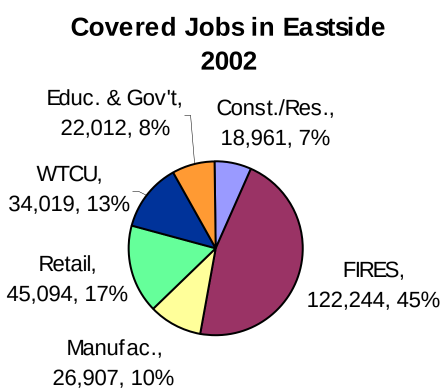
The Radiotelephone Communications (i.e. cellular and other wireless) group of industries provided most of the new jobs in Telecommunications. Within Telecommunication, the number of Radiotelephone communications jobs grew by 92 percent while employment in other telephone communications *fell* by 67 percent.[14] **This reflects trends in the larger national and international economies in which wireless communications are growing as a share of the Telecommunications subsector.** In the year 2002 the number of Bellevue jobs in wireless communications was 3,968, while the number in other telephone communications was 515, with a small balance in other types of High-Technology communications.

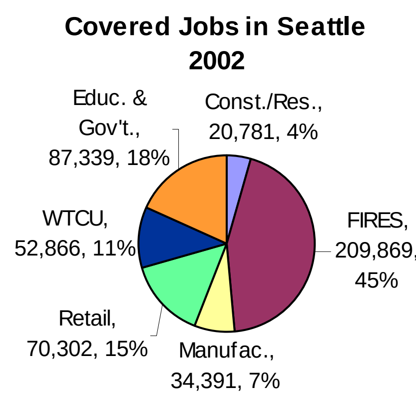
Regional Comparisons of Employment Patterns and Trends by Sector

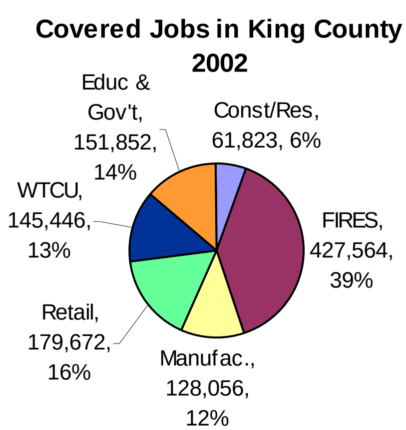
2002 Employment by Industry Sector

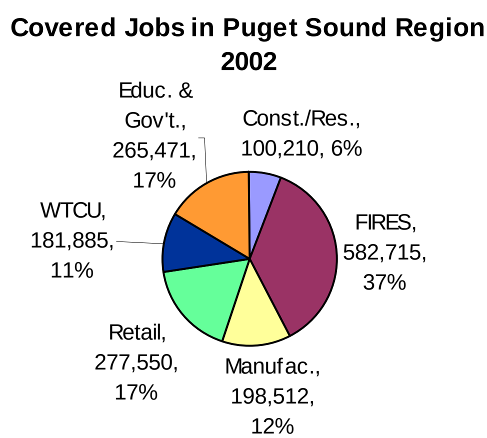
Bellevue's distribution of covered jobs shown in the top-center is compared below to that in the Eastside, Seattle, King County and the Puget Sound region as a whole:









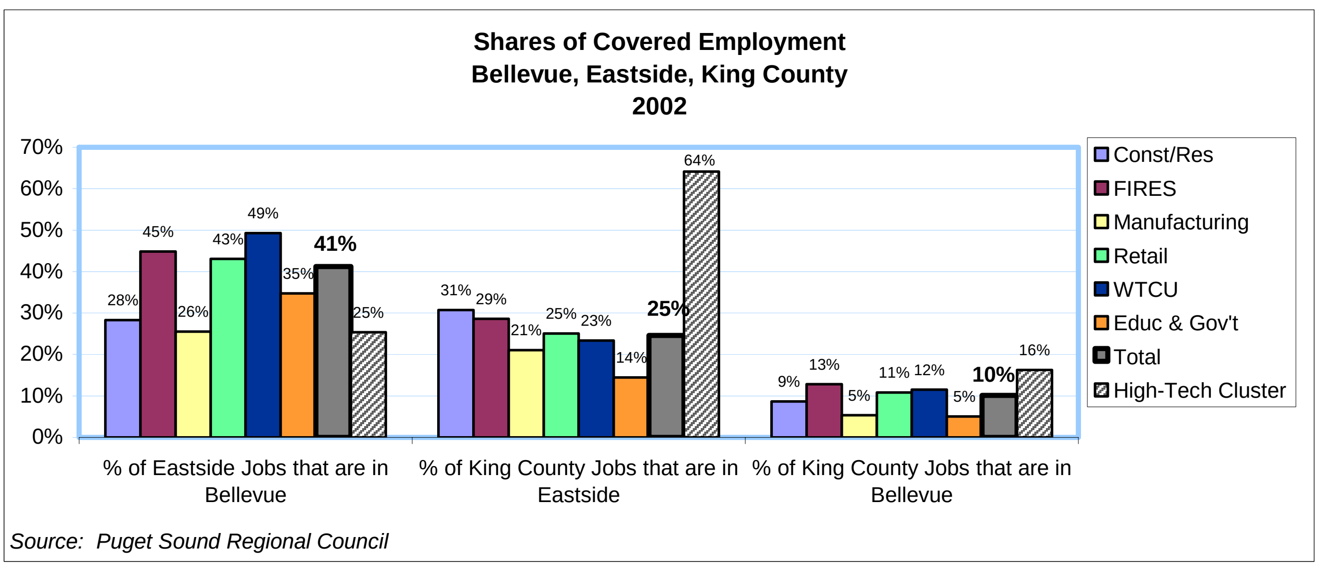


As previously noted, much of the Puget Sound region's economic strength over the past several decades has been due to the growth of the FIRES sector. The FIRES sector made up 37 percent of overall jobs in the region and 39 percent of jobs overall in King County in 2002. The distribution of employment is even more influenced by the FIRES sector in Bellevue, the Eastside and Seattle than it is in King County as a whole and the broader region. **While the FIRES sector made up more than 40 percent of jobs in the Eastside and Seattle, the FIRES sector was an even larger share of Bellevue's economy, encompassing 49 percent of all covered jobs.**

It is interesting to note that Bellevue also has a larger percentage of WTCU jobs (15 percent in 2002) than does King County (13 percent in 2002), despite the presence of large warehouse/distribution areas in other parts of the county, such as in Seattle and the Kent Valley. This is largely due to the large number of Communications jobs in Bellevue, which are part of this sector.

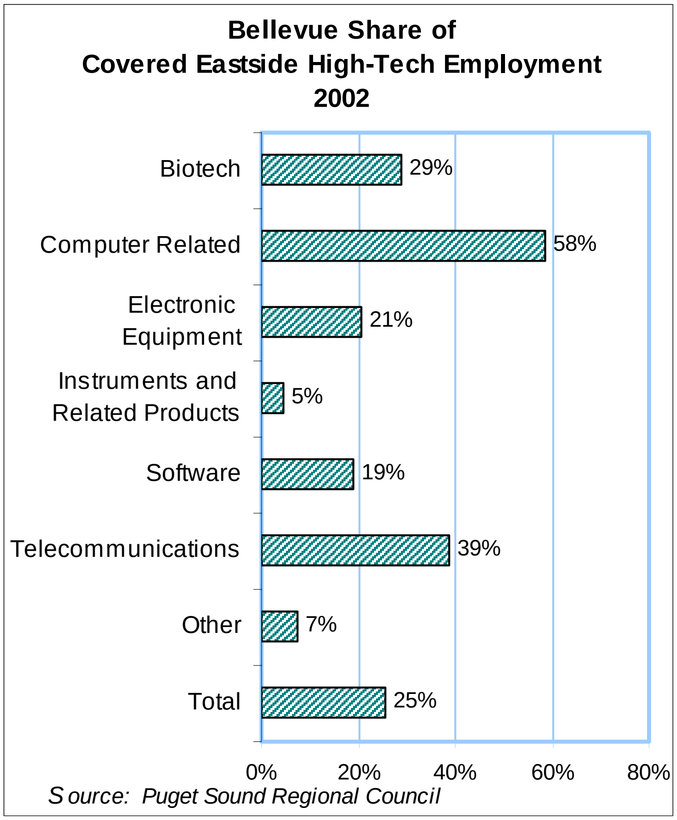
Conversely, Bellevue has a smaller percentage of its jobs in the Manufacturing sector than does King County and also the Puget Sound region as a whole. In the county and region, 12 percent of jobs in the county and region were in the Manufacturing sector in 2002, whereas only 6 percent of Bellevue's jobs were in that sector in 2002. In addition, Bellevue has a much smaller percentage of Government and Education jobs than do King County and the Puget Sound region. (This is mainly due to the presence of relatively larger concentrations of Government jobs in Seattle, Tacoma, Everett, and Bremerton.)

The following chart, based on covered employment in 2002, provides a look at the share of Eastside employment that was contributed by Bellevue and the share of King County employment that was on the Eastside. Also shown is the obviously smaller percentage of overall King County employment contributed by Bellevue. Details by major industry sectors (which add to total employment) are also shown, as is detail for the High-Technology cluster of industries (which is made up of industries in several sectors).



- **In the year 2002 covered jobs located in Bellevue made up about 41 percent of all covered employment on the Eastside.** Bellevue jobs contributed larger proportions of the Eastside's FIRES (45 percent), Retail (43 percent), and WTCU jobs (49 percent).
- **Eastside employment contributed about a quarter of King County's overall covered jobs, but close to two-thirds (64 percent) of the county's High-Tech jobs.**
- **Jobs located in Bellevue constituted about one-tenth (10 percent) of jobs in King County. However, Bellevue contributed proportionally larger shares of the county's jobs in some sectors, particularly in FIRES (13 percent) and WTCU (12 percent), and in the High-Tech cluster (16%).**

Within the Eastside, there were more High-Tech jobs in the balance of Eastside than in Bellevue, largely due to the software giant Microsoft's location in Redmond, just over the city limits border northeast of Bellevue. **Bellevue contributed about a quarter of all High-Tech employment on the Eastside, but more than half (58 percent) of the Eastside's High-Tech jobs in the Computer Related grouping.** (The Computer Related category includes Computer Integrated systems Design, Computer Programming and Data Preparation, Information Retrieval Services, and various other computer related services.) Bellevue also contributed 39 percent of the Telecommunications jobs and 29 percent of the Biotech jobs on the Eastside. Because the number of Software industry jobs on the Eastside is so high—again largely due to Microsoft, Bellevue contributes a smaller percentage (19 percent) of the Eastside's Software jobs than overall High-Tech jobs. However, as Software is the Eastside's dominant High-Tech industry, the 19 percent contributed by Bellevue accounts for over 7,000 jobs in Bellevue.



In summary, the Eastside and local Bellevue economies are even more influenced by the FIRES sector and the High-Tech cluster, which together contain the majority of new economy jobs, than is the King County economy and also the larger Puget Sound regional economy as a whole.

Employment Trends by Sector: 1995-2002

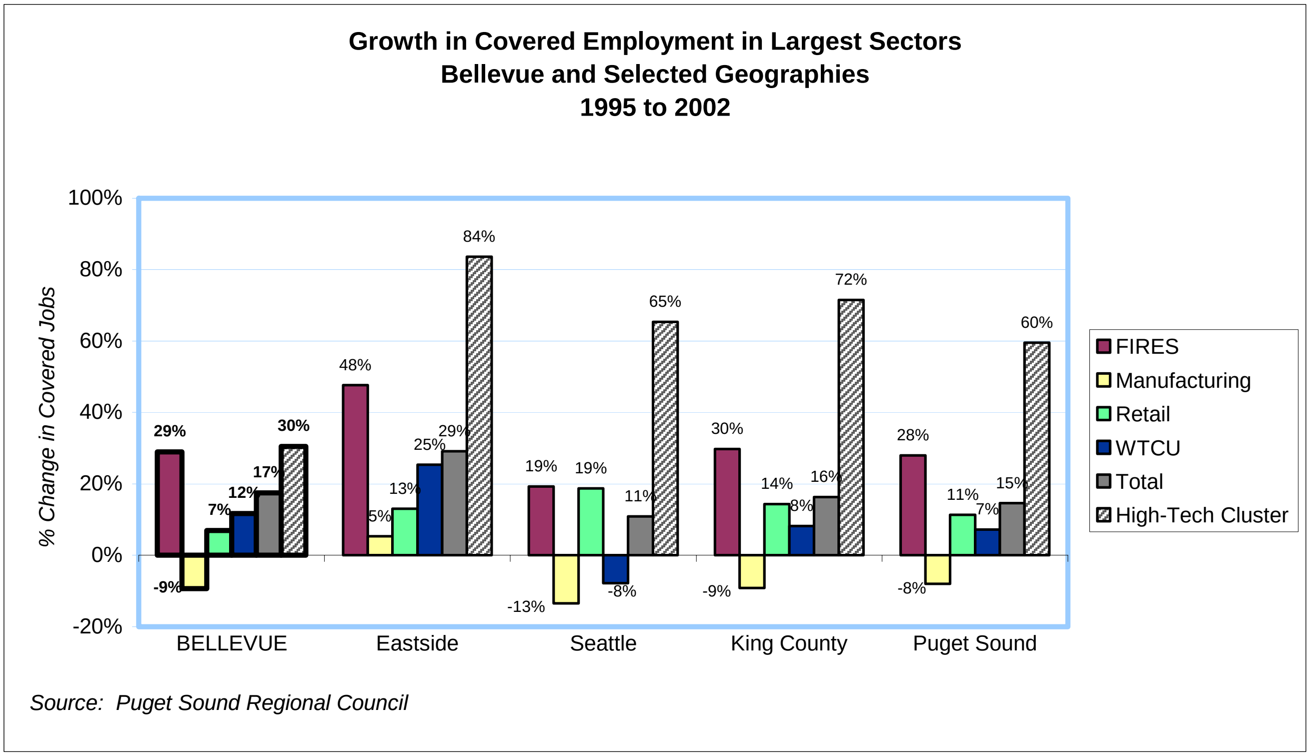
The table below compares Bellevue, the Eastside, Seattle, King County and the region with regards to employment growth between 1995 and 2002. The table also shows 2002 employment by sector for each of these jurisdictions.

Change in Covered Employment by Geography and Sector
Bellevue and the Puget Sound Region
1995 to 2002

	Const./ Res.	FIRES	Manuf.	Retail	WTCU	Educ. & Gov't.	Total	High-Tech Cluster
Number of Jobs in 2002								
BELLEVUE	**5,368**	**54,833**	**6,875**	**19,432**	**16,753**	**7,645**	**110,905**	**17,293**
Eastside	18,961	122,244	26,907	45,094	34,019	22,012	269,237	68,172
Seattle	20,781	209,869	34,391	70,302	52,866	87,339	475,548	29,340
King County	61,823	427,564	128,056	179,672	145,446	151,852	1,094,413	106,288
Puget Sound	100,210	582,715	198,512	277,550	181,885	265,471	1,606,343	131,000
Net Change in Number of Jobs 1995 to 2002								
	Const./ Res.	**FIRES**	**Manuf.**	**Retail**	**WTCU**	**Educ. & Gov't.**	**Total**	**High-Tech Cluster**
BELLEVUE	**27**	**12,311**	**(704)**	**1,269**	**1,753**	**1,858**	**16,514**	**4,039**
Eastside	2,928	39,489	1,365	5,228	6,890	4,946	60,846	31,042
Seattle	3,154	33,960	(5,321)	11,095	(4,476)	8,545	46,958	11,599
King County	11,812	98,175	(12,842)	22,571	11,044	22,770	153,530	44,323
Puget Sound	19,988	127,471	(17,053)	28,338	12,343	33,796	204,883	48,900
Percentage Change in Jobs 1995 to 2002								
	Const./ Res.	**FIRES**	**Manuf.**	**Retail**	**WTCU**	**Educ. & Gov't.**	**Total**	**High-Tech Cluster**
BELLEVUE	**1%**	**29%**	**-9%**	**7%**	**12%**	**32%**	**17%**	**30%**
Eastside	18%	48%	5%	13%	25%	29%	29%	84%
Seattle	18%	19%	-13%	19%	-8%	11%	11%	65%
King County	24%	30%	-9%	14%	8%	18%	16%	72%
Puget Sound	25%	28%	-8%	11%	7%	15%	15%	60%

Source: Puget Sound Regional Council

The chart on the next page highlights employment growth rates in the largest private industry sectors of the economy—the FIRES, Manufacturing, Retail and WTCU sectors—as well as in the High-Technology cluster (which includes industry groups in the FIRES, WTCU, and Manufacturing sectors).



In all of these geographies between 1995 and 2002, the FIRES sector grew significantly more quickly than did overall employment and the rate of growth in the High-Tech cluster exceeded even that of the FIRES sector. However, while growth rates were more rapid in the High-Tech cluster than in the FIRES sector, the contribution to the economy in terms of the *sheer number* of jobs was higher for the FIRES sector than for High-Tech cluster. (Of these geographies, only the Eastside had growth in the number of High-Tech jobs that was close to the growth in the number of FIRES jobs.) **Between 1995 and 2002, FIRES jobs represented *three out of every four jobs added to Bellevue's employment base* and over 60 percent of the jobs added to the regional employment base.**

Within King County, the percentage growth in the FIRES sector was faster in Bellevue (with 29 percent growth) and the Eastside as a whole (48 percent growth) than it was in Seattle (19 percent growth). The fact that the FIRES sector grew even more quickly in the Eastside as a whole than in Bellevue increased the FIRES concentration in the Eastside to 45 percent, bringing it close to the 49 percent found in Bellevue.

Between 1995 and 2002, the Manufacturing sector was the only major sector in Bellevue and the Puget Sound region registering a net *reduction* in jobs. Interestingly, while Bellevue lost manufacturing jobs, the balance of the Eastside more than counteracted Bellevue's loss so that manufacturing jobs increased by 5 percent in the Eastside as a whole. However, the Eastside's rate of job growth in the Manufacturing sector was far less rapid than it was in most other sectors.

The number of WTCU jobs grew more slowly than did overall employment in all geographies shown (and even decreased by 8 percent in Seattle). WTCU job growth was stronger in Bellevue and the Eastside (where WTCU was the second most rapidly growing sector), than in the county as a whole. By contrast, the number of retail jobs grew more quickly in Seattle and King County as a whole than in Bellevue and the Eastside.

While Bellevue grew overall employment in the High-Technology cluster by the rate of 30 percent—which was rapid in itself, the Eastside as a whole and Seattle each added High-Tech jobs at rates that were more than twice as great.

In addition to growing at a rapid rate, High-Tech jobs also represented substantial shares of the jobs added to the Bellevue and larger Eastside economy between 1995 and 2002. In Bellevue about 4,000 jobs in High-Tech were added to the economy, representing about a quarter of jobs added in Bellevue. On the Eastside as a whole, slightly more than half of jobs added were in High-Tech.

In Bellevue, as in the region as a whole, jobs in the largest High-Tech industries—Software, Telecommunications, and Computer Related—grew very quickly. High-Tech rates of growth in the region as a whole were even more rapid. While smaller High-Tech industries—Biotechnology, Electronic Equipment, and Instruments and Related Products—each shed employees in Bellevue between 1995 and 2002, these industries added employees regionally during this period.

Sectoral growth patterns in Bellevue and the Eastside as a whole were fairly similar, which is partly attributable to the fact that jobs in Bellevue represented a large proportion of—about 4 out of every 10—covered jobs on the Eastside. However, the Eastside as a whole experienced faster rates of employment growth in all growing sectors along with an *increase* rather than a decrease in manufacturing jobs. The Eastside as a whole also saw a faster rate of High-Tech job growth, due in large part to Microsoft in Redmond.

Decline in Employment from 2001 to 2002

The table on the following page compares Bellevue, the Eastside, Seattle, King County and the region with regards to change in employment when the economic downturn took hold between 2001 and 2002.

The national recession officially began in March of 2001 and ended eight months later, according to the National Bureau of Economic Research, an independent group whose job it is to track business cycles. **Based on more recent figures for King County, it appears that jobs in the county as a whole continued to decline before starting to increase appreciably in 2004**. Thus, the covered employment figures shown here capture the first year of job losses following the beginning of the 2001 recession. More recent employment figures from the Current Employment Statistics (CES) program are discussed further in the next section of this chapter.

Change in Covered Employment by Geography and Sector
Bellevue and Selected Geographies, March 2001 to March 2002

	Const./ Res.	FIRES	Manuf.	Retail	WTCU	Educ. & Gov't.	Total	High-Tech Cluster
Change in Number of Jobs 2001 to 2002								
BELLEVUE	**(869)**	**(7,398)**	**44**	**(1,012)**	**(482)**	**143**	**(9,575)**	**(4,511)**
Eastside	(2,969)	(3,917)	(2,953)	(3,881)	(1,862)	570	(15,012)	(6,123)
Seattle	(2,520)	(12,974)	(4,558)	(3,871)	(6,312)	1,048	(29,187)	(4,984)
King County	(7,936)	(20,775)	(14,153)	(10,217)	(11,794)	3,763	(61,112)	(12,080)
Puget Sound	(10,004)	(18,257)	(21,188)	(13,593)	(12,685)	6,039	(69,688)	(13,000)
Percentage Change in Jobs 2001 to 2002								
	Const./ Res.	**FIRES**	**Manuf.**	**Retail**	**WTCU**	**Educ. & Gov't.**	**Total**	**High-Tech Cluster**
BELLEVUE	**-14%**	**-12%**	**1%**	**-5%**	**-3%**	**2%**	**-8%**	**-21%**
Eastside	-14%	-3%	-10%	-8%	-5%	3%	-5%	-8%
Seattle	-11%	-6%	-12%	-5%	-11%	1%	-6%	-15%
King County	-11%	-5%	-10%	-5%	-8%	3%	-5%	-10%
Puget Sound	-9%	-3%	-10%	-5%	-7%	2%	-4%	-9%

Source: Puget Sound Regional Council

As previously noted, in Bellevue, the FIRES sector and High-Tech cluster were the most rapidly growing parts of the economy during the boom between 1995 and 2001. Between 2001 and 2002 trends were reversed, with the FIRES sector and High-Tech cluster jobs taking *the biggest hits* in absolute numbers of jobs lost, and also in the percentages of jobs lost after the smaller Resources and Construction sector (not shown in the chart). Patterns were somewhat similar on the Eastside as a whole, where the FIRES and High-Tech jobs that lead the boom also lead the bust in terms of numbers of jobs lost. **Also, the percentage by which the FIRES sector shrunk in Bellevue (12 percent) was more substantial than in the Eastside as a whole, Seattle, and the County and region generally. A disproportionately large (21 percent) decline in Bellevue also occurred in the High-Tech cluster.**[15] High-Tech employment declined by significant, but smaller percentages in the Eastside and these other geographies.

In Bellevue in particular, trends in FIRES and High-Tech job loss were very much related to one another. A majority of Bellevue's High-Tech jobs are classified within the FIRES sector and *decreases in High-Tech jobs actually contributed a majority of jobs lost in Bellevue's FIRES sector.*

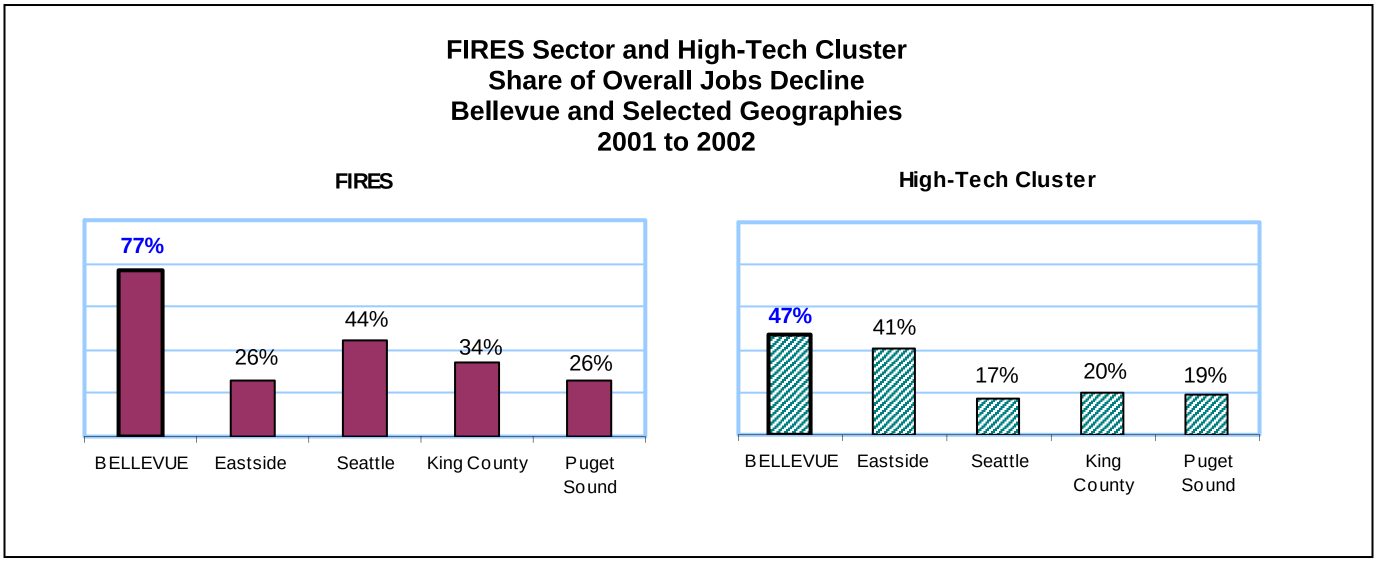
In Bellevue, the biggest declines between 2001 and 2002 were in the industry subsectors shown in the following table.[16] Five of the eleven subsectors shrinking by more than 250 jobs were in FIRES. The subsector with--by far--the greatest loss between 2001 and 2002 was the FIRES' Business Services subsector, **which is made up primarily of jobs in the computer and data processing services group. This industry group alone contributed *52 percent* of net job losses in Bellevue's FIRES sector.**

Subsectors That Lost Greatest Numbers of Jobs in Bellevue 2001-2002				
SIC code	**Description**	**Jobs 2001**	**Change in Number of Jobs 2001 to 2002**	**Percentage Change in Jobs 2001 to 2002**
15	General Building Contractors (Const./Res.)	2,847	-546	-19.2%
17	Special Trade Contractors (Const./Res.)	2,198	-347	-15.8%
36	Electronic Equip., Excl. Computer (Manuf.)	1,040	-264	-25.4%
50	Wholesale Trade - Durable Goods (WTCU)	5,728	-539	-9.4%
55	Automotive Dealers & Srvc. Stations (Retail)	2,493	-289	-11.6%
59	Miscellaneous Retail (Retail)	2,924	-268	-9.2%
61	Non-depository Credit Institutions (FIRES)	2,623	-496	-18.9%
64	Insurance Agents, Brokers & Srvcs. (FIRES)	1,497	-387	-25.9%
70	Hotels and Other Lodging Places (FIRES)	1,657	-461	-27.8%
73	Business Services* (FIRES)	17,348	-5,013	-28.9%
87	Engineering, Accounting & Mgt. (FIRES)	7,546	-752	-10.0%

**Business Services includes Computer and Data Processing Services group.*
Source: Puget Sound Regional Council

Looking at High-Tech in more detail, one also finds that the rates of employment decline in many High-Tech industry groups were greater in Bellevue than in other parts of the region. Computer Related jobs dipped by 36 percent in Bellevue, but by a somewhat smaller—though still substantial—percentage in the Eastside (with a decline of 30 percent) and in the Puget Sound as a whole (with a drop of 23 percent). Software jobs declined by a higher percentage in Bellevue (a decline of 21 percent) than in the Eastside as a whole and the Puget Sound region (declines of 3 percent and 6 percent respectively), although Seattle did have a greater percentage drop (23 percent) than did Bellevue. Biotech was the one High-Tech cluster industry that added jobs regionally between 2001 and 2002; although the increase did not apply in Bellevue and was quite small on the Eastside as a whole. **An exception to the general pattern of disproportionately large High-Tech losses in Bellevue occurred in the telecommunications industry, which decreased by only 1 percent in Bellevue, but by 8 percent regionally.**

Another perspective on FIRES and High-Tech job losses in Bellevue between 2001 and 2002 is gained by looking at the share each sector contributed to Bellevue's overall job loss during this period. Within Bellevue, the reduction in the FIRES sector accounted for 77 percent of Bellevue's overall reduction in job numbers while the High-Tech cluster (which as noted previously, is made up largely of High-Tech industries within FIRES) represented 47 percent of Bellevue's overall reduction. **Between 2001 and 2002, job loss in both High-Tech and particularly FIRES industries made up larger proportions of overall losses in Bellevue than in other parts of the region.**



As noted, Bellevue's High-Tech employment growth rate—which was very rapid between 1995 and 2001—was not as rapid as it was regionally and in Seattle; also Bellevue had a steeper rate of High-Tech job *loss* between 2001 and 2002. Gaining more insight into these factors may help the City of Bellevue and its economic development partners to support the growth and retention of High-Tech businesses and jobs in the future.

Employment Centers in the Region and in Bellevue

A great deal can be learned from looking at concentrations of local employment densities in Bellevue and viewing these employment densities within the broader patterns in the region.

Employment Densities in Bellevue Relative to the Region

The first part of this section focuses on overall covered employment and population densities in Bellevue relative to the region. Then concentrations of employment in *specific industry sectors* are analyzed in some detail for Bellevue relative to other job centers in King County.

Employment and Population Density Patterns

While population is dispersed fairly widely within the region, jobs are concentrated at high levels (20 jobs or more per acre) within central cities, particularly in King County. **Bellevue's jobs-to-population ratio has been increasing in recent decades as employment growth has outpaced population growth, and as the city has become a key contributor to employment in the region.** Bellevue's year 2000 ratio of about two and a half jobs per household exceeds the overall King County ratio as well as the ratios for most other cities (including Seattle) in the county. Forecasts indicate that Bellevue's jobs-to-housing ratio will likely continue to increase over the next few decades.

Areas in the Puget Sound region and King County with the highest job concentrations include Bellevue's Downtown, which is designated as one of the region's growth centers. Downtown Bellevue's employment density is about 75 jobs per acre which makes Downtown Bellevue the second most dense employment center in the region after Downtown Seattle.

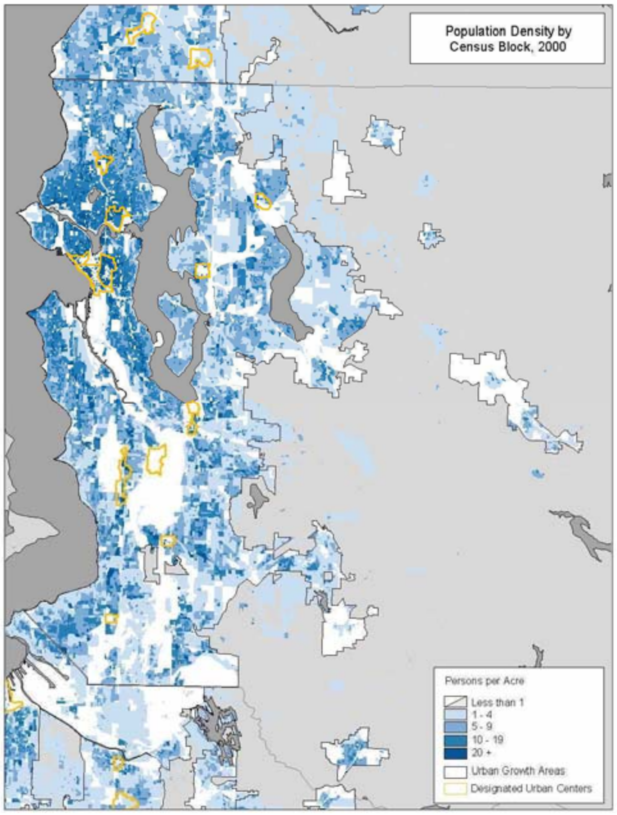
Within the Eastside, there are bands of employment density on the Eastside from Downtown Bellevue along the Bel-Red Corridor to Overlake and along I-90 Corridor (Eastgate). Maps on the following page show employment density and population density for the region as a whole. (More detail on Bellevue's jobs centers is provided in the following section of this chapter.)

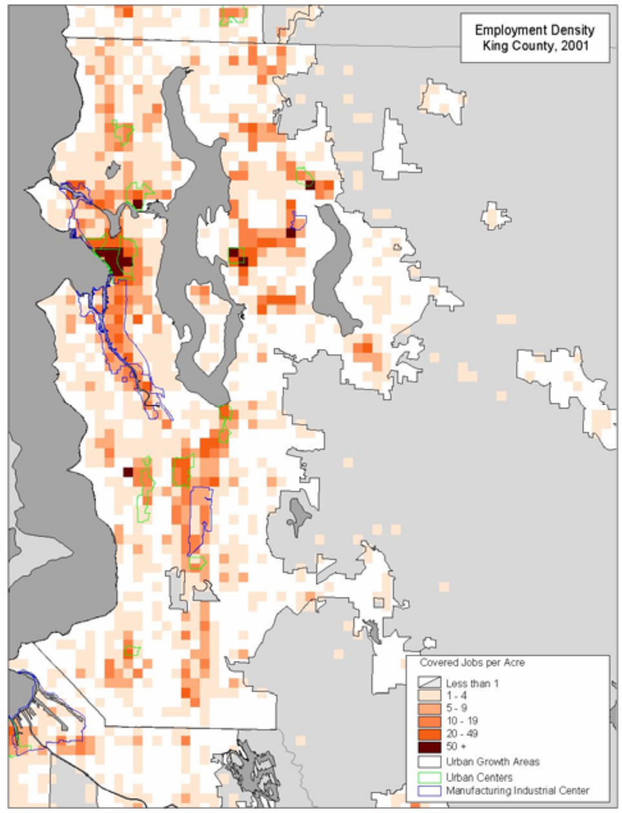
Encouraging employment growth within existing urban centers such as Downtown Bellevue is part of the multi-county policies in *Vision 2020*, the long range growth management strategy for the Puget Sound region, as well as King County's countywide planning policies. **City policy, as adopted in the Comprehensive Plan and implemented in land use and economic development programs is to "support Downtown's development as an Urban Center, maintaining it as the financial, retail, and business hub of the Eastside" (LU-28).**

As noted in the section on historic employment growth, Bellevue is an importer of workers. Bellevue's jobs-to-housing ratio has been increasing in recent decades as employment growth has outpaced population growth. Per the current PSRC forecasts, the number of jobs in Bellevue is anticipated to continue growing more quickly than is Bellevue's population. This trend was identified in the local allocation of regional employment and population growth targets in Bellevue's update of Comprehensive Plan policy LU-3: Accommodate growth targets of 10,117 additional households and 40,000 additional jobs for the 2001- 2022 period. However, within King County, population and employment targets were apportioned to allocate 42 percent of both county jobs growth *and county housing* growth to the Eastside subarea as a whole.

While close live-work connections are in many ways ideal, most of the region's workers *do not* live in neighborhoods near their job locations.

Bellevue is among the cities in the region striving to create more opportunities for people to live nearby to their workplace. Bellevue's Comprehensive Plan includes policies to encourage the development of housing within Downtown, including units targeted to workers who will fill the growing number of jobs Downtown. Concentrating a mix of employment and residential uses in the Downtown requires enhancing the city center's livability and attractiveness, while continuing to meet the transportation and infrastructure needs associated with Downtown growth.





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As described in the Introduction the profile, there is some overlap between people working at jobs located in Bellevue and people living in Bellevue. However, based on the 2000 census, 78 percent of employees working at job locations in Bellevue actually *reside outside Bellevue* and 61 percent of employed Bellevue residents *work outside Bellevue.*

The pair of tables on the following page shows detail on the place of work for people living in Bellevue (table on left) and the place of residence for people employed at work locations in Bellevue and (table on right). It is important to keep in mind that persons rather than jobs are the unit of analysis in the decennial census and that some workers have more than one job. Also, the 2000 census asked respondents to identify the place of work for only *one* job (the job at they worked the most if they had more than one job). This makes the total number of persons whom the 2000 census indicated worked in Bellevue lower than the total number of jobs in Bellevue. (Another factor contributing to this difference is that the 2000 census did not ask workers to identify where they worked if they were not at work during the week prior to completing the census questionnaire.[17])

Place of Work For Bellevue Residents* 2000 Census		
Place of Work	**Workers**	**% of Workers**
King County Total	**53,002**	**95%**
BELLEVUE	**21,655**	**39%**
Seattle	12,820	23%
Redmond	7,815	14%
Kirkland	1,960	4%
Renton	1,725	3%
Remainder of King County	7,027	13%
Snohomish County	1,281	2%
Pierce County	244	<1%
Kitsap County	50	<1%
Other	1,392	2%
Total Bellevue Residents Who Work	55,968	100.0%

**Census figures represent workers, not jobs. (Job numbers are higher.)*
Sources: Census 2000; Puget Sound Regional Council

Residence of People Employed in Bellevue* 2000 Census		
Place of Residence	**Workers**	**% of Workers**
King County Total	**80,108**	**80%**
BELLEVUE	**21,655**	**22%**
Seattle	14,490	14%
Kirkland	5,130	5%
Redmond	4,785	5%
Renton	3,635	4%
Sammamish	3,280	3%
Remainder of King County	27,133	27%
Snohomish County	9,439	9%
Pierce County	2,509	3%
Kitsap County	349	0%
Other	7,615	8%
Total Persons Employed at Locations in Bellevue	100,021	100.0%

**Census figures represent workers, not jobs. (Job numbers are higher.)*
Sources: Census 2000; Puget Sound Regional Council

Bellevue's status as a significant importer of workers and the fact that most Bellevue *residents* work outside of Bellevue make regional connections between work locations and residences matters of critical importance for the city's economic development goals. People who work in Bellevue, regardless of whether they live inside or outside the city, need to be able to find housing they can afford on their wages and they need to be able to get to work **conveniently.**

Both transportation and housing are, of course, enormous regional challenges. Housing prices generally tend to be more expensive near employment centers and also tend to be more expensive in much of the Eastside than in the balance of the region. Young families as well as employees who work at low and sometimes moderate wage jobs in Bellevue, Seattle, and other employment centers commonly go outside of the area in which their jobs are located in order to find housing within their budget. The resulting long commutes add to the demand on regional transportation systems.

The fact Bellevue is a major employment center in the region and that employers here draw such a large proportion of their workforce from outside of Bellevue also suggests that other communities in the region are dependant to some extent on the vibrancy of Bellevue's economy.

Employment Densities by Industry Sector

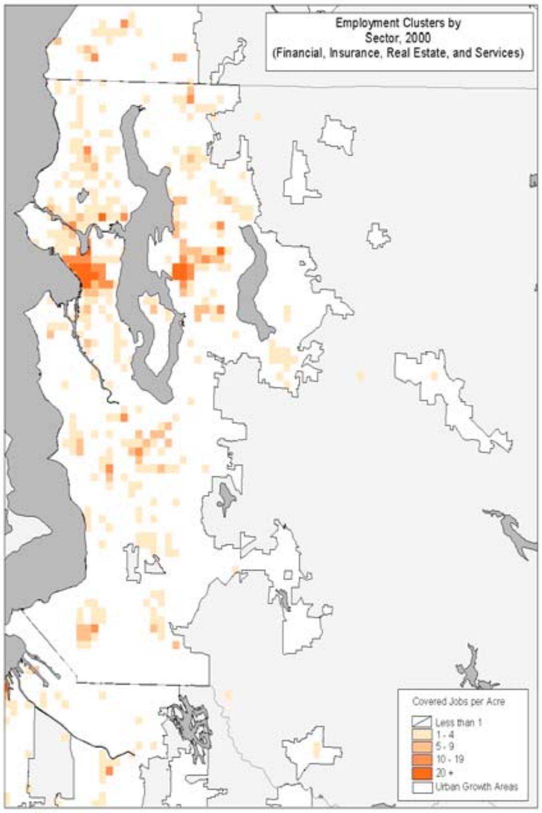
Concentrations of jobs by sector for the largest employment sectors are shown for King County on the set of four maps appearing on the next page. The following are some key observations from viewing these maps:

- **While many areas of the region have some concentrations of FIRES and Retail jobs, Seattle and Bellevue have the most dramatic concentrations of jobs in these sectors.**
- **Employment in the High-Tech cluster shows substantial concentrations only in Seattle and the Eastside.**
- **Bellevue is also one of the places, along with Seattle and a few other locations, where WTCU jobs show significant concentrations.**

Another observation is that clusters of employment are similar in Downtown Bellevue and Downtown Seattle (particularly for FIRES and High-Tech). These sectors benefit from locating in dense Downtowns, and have strong mutual business linkages both between businesses and locations. Other sets of linkages in FIRES and High-Tech connect businesses in Bellevue with firms in Overlake in Redmond and elsewhere on the Eastside. Businesses in Bellevue along I-90 also benefit from the transportation access that corridor provides to the Port of Seattle and other locations.

Employment Densities in King County by Industry Sector

FIRES (Finance, Real Estate, Services)



High-Tech

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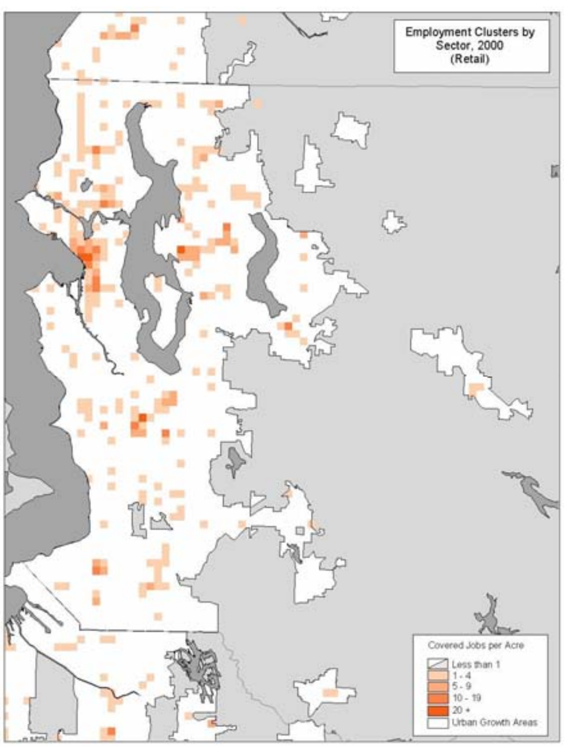
Retail



WTCU (Wholesale Trade, Communic. & Utilities)

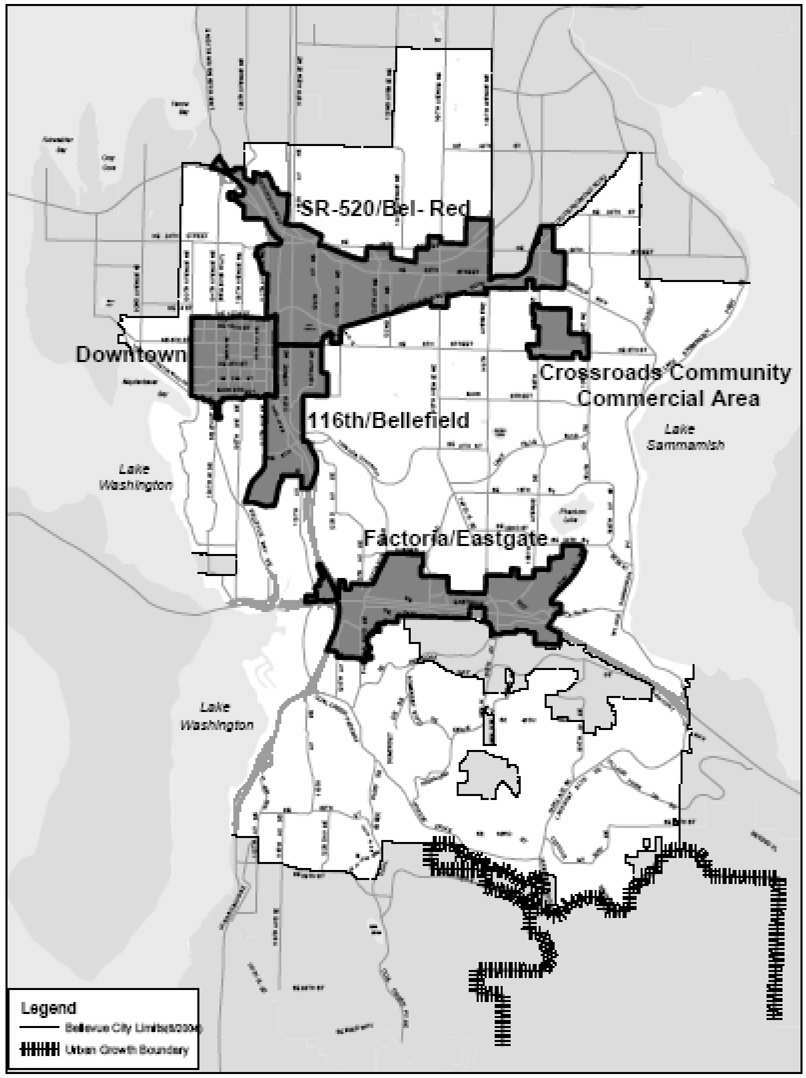
Bellevue's Job Centers

Job centers have developed in several parts of the city based on the unique combination of competitive advantages these locations offer, such as proximity to an attractive customer base, business linkages, appropriate zoning, transportation access, and available land.

More than 90 percent of Bellevue's jobs are located in the following major employment centers:

- **Downtown**
- **SR-520/Bel-Red**
- **116th/Bellefield**
- **Factoria/Eastgate**

The map to the right outlines the location of these four centers. (The map also shows the Crossroads Community Commercial Area which is not considered a major employment center, but which is a significant retail center drawing shoppers from both within Bellevue and from elsewhere in the region.)



Job Center Employment Estimates and Forecasts

The table below shows total levels of year 2000 employment estimated for each of Bellevue's four major employment centers along with the 2020 employment projections that the Puget Sound Regional Council (PSRC) has made corresponding to each of these areas. The table also shows the percentage job growth forecast for each of the centers over this 20-year period.

Bellevue Job Centers Employment 2000 to 2020 (Total Jobs)

	Year 2000 Estimate	Year 2020 Forecast	Forecast Growth 2000 to 2020
Downtown	34,250	60,650	77%
SR-520/Bel-Red	43,750	49,100	12%
116th/Bellefield	16,150	20,250	25%
Eastgate/Factoria	25,650	30,100	17%

Source: Puget Sound Regional Council's Small Area Forecasts

Job Center Sketches

A series of descriptive sketches for each of these jobs centers is provided below. These sketches include the types of businesses located in each center, key employment trends in these centers in the recent past (1995 to 2002), and observations on job growth forecast for these job centers. Due to limitations in available data, while PSRC's year 2000 estimates and 2020 forecasts are based on *total* employment estimates, *the 1995 to 2002 trends* described in the following sketches are based on jobs *covered by unemployment insurance*. Total jobs figures are generally thought to be about 10 to 15 percent higher than the number of covered jobs.[18]

Downtown

Bellevue's central business district has evolved from a relatively low-density suburban Downtown to, as PSRC calls it, the as the "preeminent regional growth center" of the Eastside. Downtown is home to many tall office buildings and to a variety of retail attractions ranging from the small historic Main Street section with its specialty shops to the major regional Bellevue Square mall which draws shoppers regionally as well as locally. The number of Downtown dwellings increased rapidly with the large number of new mixed use condominium and apartment developments built in the late 1990s. Amenities such as restaurant and shopping opportunities, the Meydenbauer Convention Center, the award winning King County regional library, and a 20-acre urban park add to the vitality of the Downtown Bellevue experience for a growing number of workers and residents. **In the year 2002 there were more than 28,500 covered jobs in Downtown (closer to 32,000 when jobs not covered by unemployment insurance are counted) and more than 4,000 residents living in Downtown. This represents approximately a quarter of the jobs in Bellevue and a small but growing percentage of the city's residents.**

Local and regional plans have designated Downtown Bellevue one of King County's main Urban Centers and the area in Bellevue that will accept the city's most intense development. **Over the next 20 years, the City of Bellevue anticipates that roughly three-quarters of Bellevue's employment growth—and a majority of the city's residential growth—will occur in Downtown**.[19]

PSRC forecasts for the 2000 to 2020 period predict that Downtown Bellevue employment will grow by 77 percent bringing the total number of jobs in Downtown to almost 61,000. This is the highest forecast growth rate of the jobs centers in Bellevue and in any substantial urban employment center in the whole of King County.[20] During this period, employment in Bellevue's Downtown will overtake the number of jobs in the SR-520/Bel-Red portion of Bellevue.

Downtown jobs are primarily in the FIRES sector, and increasingly so. In 2002 almost 60 percent of Downtown jobs were FIRES jobs, up from slightly under a half in 1995. Future job growth in Downtown, as well as most other urban centers in the county is likely to be primarily driven by the FIRES sector—in Downtown Bellevue the FIRES sector is predicted to account for 70 percent of job growth between 2000 and 2020.

Computer Related and other High-Technology jobs (mainly in the FIRES sector) have been—and will continue to be—an important part of job growth in Downtown. However, one of the challenges that had been confronting Downtown after the 2001 recession and *until recently* was filling the newly built office space added during the development boom of the late 1990s but left empty after the bursting of the dot-com bubble. As detailed in the Commercial Real Estate Vacancy Trends chapter of the profile, vacancy rates in Downtown Bellevue office space have been extremely dynamic. Downtown office vacancy went from very low rates in 1999 to peaks surpassing 25 percent in mid-2002. Favorable leasing deals and the recovery of the economy led vacancy rates to fall in 2004. A major signing during the second half of 2004 was that of Symetra Financial, a former division of insurance company Safeco, which will be leasing over 250,000 square feet in two prominent office towers in the core of Downtown. Other large employers who signed leases in 2004 to occupy substantial amounts of office space Downtown include Puget Sound Energy and drugstore.com Inc.

The retail sector employs the second highest percentage of Downtown workers: 26 percent in 2002. This was down from 28 percent in 1995, although the number of Downtown workers employed in the retail sector increased by about 13 percent. Downtown's Bellevue Square mall contains over 200 stores and receives about 16 million visits a year from residents in the region and beyond.

SR-520/Bel-Red

The combined SR-520/Bel-Red portion of Bellevue is a much larger geographic area than Downtown. Although employment densities are much lower in SR-520/Bel-Red, this area currently has more jobs than does Downtown. The SR-520/Bel-Red employment center is the location of almost one-third of Bellevue's overall jobs. **Compared with growth in Downtown, growth in SR-520/Bel-Red, as well as other employment centers in Bellevue, is currently forecast to be modest.**

Historically, parts of the Bel-Red area have served as the city's warehouse and manufacturing district, but this has become an area in transition with the departure of many of these traditional uses.

An important anchor for the western part of the SR-520/Bel-Red area is Overlake Hospital, which is one of the major hospitals on the Eastside. The presence of the hospital has encouraged the location of additional medical offices and clinics and other medical support services in the area.

The SR-520/Bel-Red area also offers close proximity to Microsoft's main campus in Redmond, which can be of great benefit to businesses with links to the information technology industry. Computer related jobs in this corridor increased rapidly in the late 1990s through 2001.

While Downtown is slated to receive the city's most intense new development, there may be greater potential for growth in the SR-520/Bel-Red employment center than previously forecast. The City of Bellevue is engaging in a study of the Bel-Red subarea in 2005 that may influence the future growth potential of the area. The expansion that is planned by Overlake Hospital and the increasing demand that the community's aging population will have for health care may also help to drive higher rates of growth.

116th/Bellefield

The 116th/Bellefield area, which is located along the I-405 corridor, has a heavy concentration of offices and hotels and also includes a significant number of auto dealers and retail stores. Jobs in the FIRES sector represented a majority of the jobs in the Bellefield area in 2002. As in the city as a whole, there was a substantial increase in the number of FIRES jobs in 116^{th}/Bellefield between 1995 and 2002. **While this is the job center in Bellevue with the smallest employment figures, the number of jobs in**

116th/Bellefield is likely to grow somewhat more quickly than in SR-520/Bel-Red and Eastgate/Factoria.

Factoria/Eastgate

This area is located along the I-90 corridor. It includes a large number of office-oriented uses, a few hotels, and several retail shopping centers, particularly along Factoria Boulevard and at the intersection of 148th Avenue NE and I-90. Factoria Mall, which contains more than 6O stores, restaurants and services, provides shopping opportunities to residents of Mercer Island and the neighborhoods south of Bellevue as well as Bellevue itself. Recent land use code changes will permit retail and multifamily housing units in a mixed use village on Factoria's retail center, which would facilitate local economic development in this area.

New economy jobs, including those in the High-Tech cluster, are among the main types of jobs held by workers in the office complexes along the I-90 corridor. Businesses in the WTCU sector, including the growing wireless telecommunications subsector, are also key employers along this corridor. T-Mobile USA, Western Wireless, and Verizon all have major employment locations in this corridor.

Other Centers

Crossroads, in the northeast quadrant of the city, is a community commercial center the focal point of which is the mid-sized Crossroads Bellevue shopping center. Crossroads Bellevue functions as a family-oriented and cross-cultural gathering space as well as a location to shop and run errands. The shopping center is also surrounded by movie theatres, offices, and additional retail uses. While Crossroad is not a major employment center, it serves both the larger community as well as nearby neighborhoods. Like the Factoria Mall, the Crossroads Bellevue shopping center also serves a customer base that extends beyond Bellevue. In Crossroads case, residents of Redmond are among the most common mall visitors. Crossroads and Factoria are also expected to grow and change to some degree as market forces and people's shopping habits evolve. As noted in the Population and Labor Force Demographics chapter of this profile, Bellevue's population is increasingly culturally diverse. The Crossroads mall is well-known for its international food court, and neighborhoods around the Crossroads are home to many new immigrants. As some immigrant populations have high rates of entrepreneurship, these neighborhoods are also sources of—and fertile grounds for—the creation of small businesses.

In addition, Bellevue has several smaller, neighborhood-oriented retail centers, such as Northtowne, Lake Hills, Kelsey Creek, and Newport Hills that provide nearby neighborhoods with convenient access to goods and services and serve as gathering spaces for surrounding residents.

Nationally **smaller and older neighborhood shopping centers were harder hit by the recent recession than were larger retail centers.** Some neighborhood shopping centers in Bellevue have also been struggling. City economic development interventions in these areas seek to enhance opportunities for struggling shopping centers catering to neighborhood and regional customers. Success of local retail shopping centers can be key not only in terms of supplying essential goods and services to nearby residents, but also to the quality of life and sense of community in neighborhoods.

King County Labor Force Trends

Non-Farm Employment in King County

Although some other sources of information explored later in this report (e.g., business license data, sales and B&O tax revenues received by the City of Bellevue) provide clues regarding very recent trends in Bellevue's economy, covered employment data is the only publicly available source of reliable employment information available at the city level. As noted in the previous sections focusing on covered employment, there is a significant lag in when that data becomes available.

The most recent covered employment numbers available for Bellevue at the time of this profile's publication are from March 2003. The March 2003 employment level in Bellevue was virtually unchanged from that in 2002, and both were lower than the employment level in March of 2001. Once city-level covered employment figures become available for 2004, we will be able to better gauge the extent to which employment levels have rebounded in Bellevue and to consider what this says about the resilience of Bellevue's mix of industries.

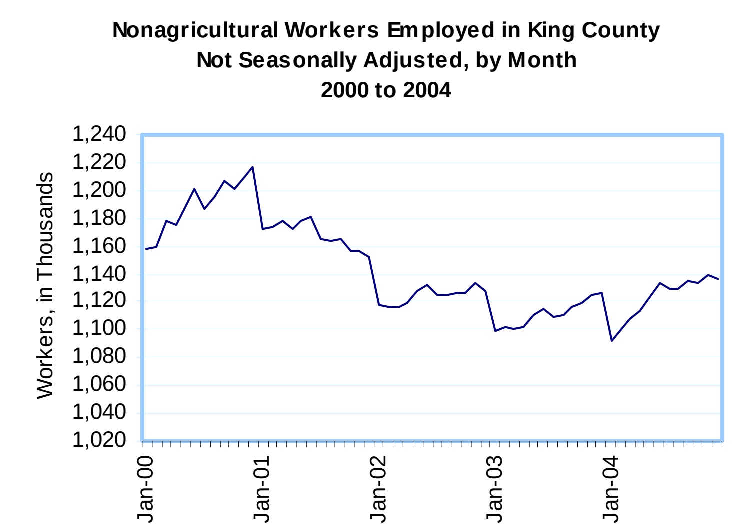
Figures from the federal Bureau of Labor Statistics' Current Employment Statistics (CES) program are available on a monthly basis with only a short lag.[21] **Though CES figures are not available at a city-specific level, CES data at the metropolitan and county levels provide a more up to date picture regarding what has been happening in the broader economy of which Bellevue is a part.**

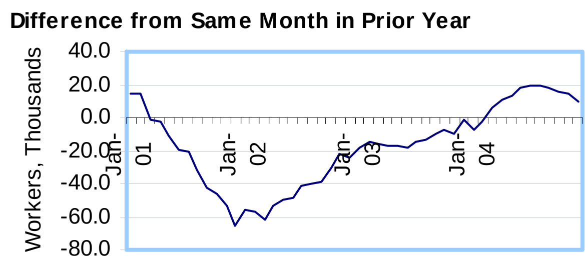
The upper chart on the following page shows monthly detail, based on CES data, for King County's non-agricultural employment from January 2000 to December 2004.[22] **Once the 2001 recession took hold, regional and local employment began to plummet.** Monthly non-farm employment continued a pattern of general decline in both 2002 and 2003. Because these data are not seasonally adjusted, identifying trends from these data requires one to compare employment from the same months across years.

As the lower chart on the following page shows, **it was not until March of 2004 that monthly employment started being higher than in the same month of the prior year.** As of the December 2004 preliminary tally there were an estimated 1,136,100 non-agricultural employees in King County. This was 9,600 higher than in December of 2003, which represented a gain of 0.9 percent in those twelve months. However, the December 2004 total is quite a bit (i.e., 81,000 workers and 6.7 percent) below the December *2000* employment figure of 1,217,100.

Given that this region continued losing jobs well past the officially-declared November 2001 end of the national recession,[23] **regional economists, including those at Washington State Employment Security Department (ESD), note that the recession really in the Puget Sound region did not end until 2003, which is when regional job numbers started increasing again. King County—as this analysis indicates—took even a bit longer to begin recovering substantial numbers of jobs.**

Employment levels in King County have begun increasing, but still have quite a bit further to go to recover fully from the recession. In Washington State as a whole by contrast, 12-month changes in non-farm jobs reflected gains (relative to the same month in the previous year) in nearly every month starting in January of 2003. This is part of a larger trend in which urban areas of the state benefited more from the 1990s expansion, but also suffered more of an employment decline—and a longer decline—associated with the recession. King County and the Seattle Primary Metropolitan Statistical Area in particular have been significantly slower in recovering jobs than have rural areas of the state. However once the recovery was underway in urban areas, these areas added more jobs back into the state's economy.[24]





Source: Puget Sound Regional Council

The direction of trends in covered employment in Bellevue generally followed the trends in King County between 1995 and 2002. **Based on this, it is likely that job numbers in Bellevue would also have taken a fairly similar path to King County's in more recent months and probably started to recover sometime in late 2003 or early 2004.**

Local indicators of economic trends in Bellevue—such as taxable retail sales and Downtown office space vacancy rates discussed in other chapters of this profile—and which are available for more recent periods than are employment figures—provide strong clues that Bellevue's local economy is once again growing.

Labor Force and Unemployment in King County

This section briefly summarizes historical labor force trends (based on annual averages) and then provides a more detailed look at more recent monthly figures for King County.[25]

Labor Force estimates from the Local Area Unemployment Statistics (LAUS) program include the number of persons employed and unemployed (which together equal the total number in the labor force), **as well as the unemployment rate**, which is derived by dividing the number of unemployed persons by the total number of persons in the labor force.[26] **These statistics are available for states, counties, and metropolitan areas, but not for cities the size of Bellevue.**

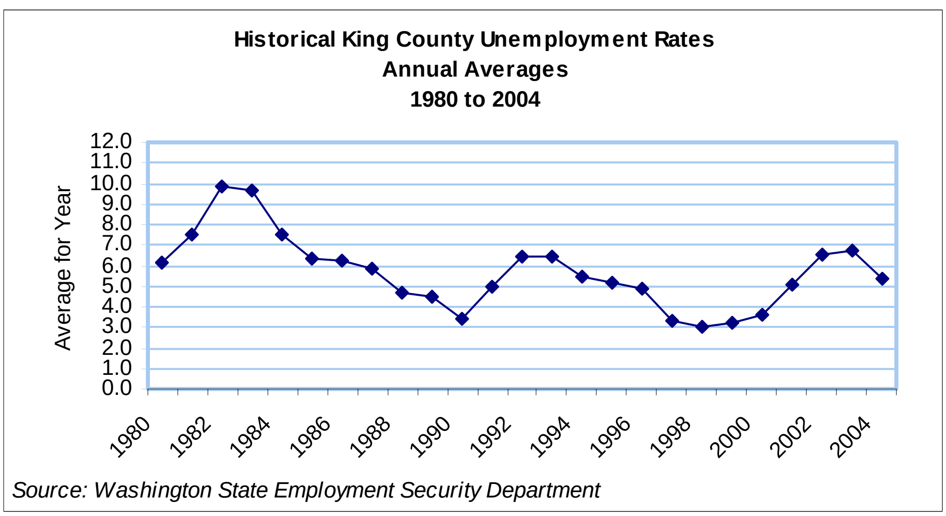
The LAUS figures relate to the *residents* of the reference geography, while the other figures analyzed in this chapter refer to *workers* employed in Bellevue. About 61 percent of employed Bellevue residents work outside the city's boundaries, primarily in King County.[27] The fact that Bellevue residents are part of a larger labor market means that trends at the county level provide a reasonable indicator of what has likely been occurring with unemployment levels for Bellevue residents.

Historical Unemployment Rates

Labor force expansion and job creation progressed at a rapid pace in the late 1980s and again in the late 1990s. Between 1980 and 2004, the annual average civilian labor force in King County went from 683,800 to 1,040,600. **Both the number of persons in the labor force and the number of persons employed in King County are now (in 2004) just over one and a half times what they were in 1980.**

Overall employment growth has been punctuated by slowdowns and temporary reversals that began after each of the three recessions in the last quarter century took hold in 1981, 1991, and 2001. As is typically the case with labor markets, **employment changes tended to lag the business cycle** in each of these recessions.

Historical annual unemployment rates in King County (back to 1980) are shown in the chart below. While recovery from the 2001 recession has been slow, unemployment rates actually started at a lower level and did not go as high in the 2001 recession as in the 1981 recession.

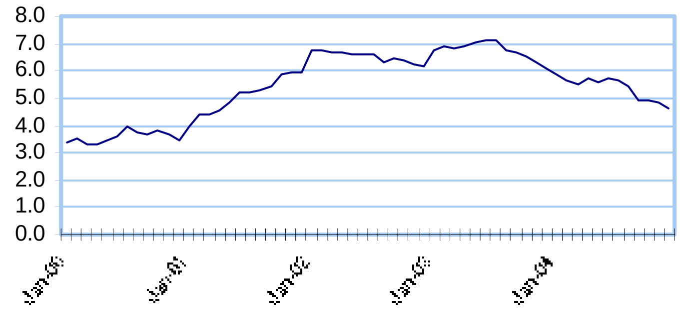


Labor Force and Unemployment Figures for 2000 to 2004

As shown in the following chart and table, King County monthly unemployment rates have come down since peaking in June 2003 at 7.1 percent. Unemployment rates stood at a preliminary estimate of 4.7 percent in December. This was after a period during the first few months of 2004 in which unemployment rates stalled in their decline and even rose. However, that stalling of improvement in the unemployment rate was likely a sign that people who had dropped out of the labor force began to look for work again.

The unemployment rate among Bellevue residents has likely followed general trends in unemployment at the county level. **The county labor force data and local Bellevue covered employment numbers discussed elsewhere in this chapter together suggest that unemployment in Bellevue also likely started to increase after the 2001 recession took hold, and then started to decline in 2003 with additional improvements in the Fall of 2004. Still, at the end of 2004, a greater percentage of Bellevue residents were likely unemployed than prior to the beginning of the recent recession.**

King County Monthly Unemployment Rates
Not Seasonally Adjusted
2000 to 2004



Figures for 2000 to 2003 benchmarked to 2003; 2004 figures non benchmarked. December 2003 estimate preliminary.
Source: Washington State Department of Employment Security

King County Labor Force Statistics	Nov. 2004	Change from Previous Month	Change from Same Month Previous Year	Change from Same Month in 2000
Civilian Labor Force	1,059,700	10,000	28,100	17,700
Total Employment	1,010,400	11,900	41,600	4,500
Total Unemployment	49,300	-1,900	-13,500	13,200
Percent Unemployed	4.7%	-0.2%	-1.4%	1.2%

Source: Washington State Employment Security Department

Most Recent Employment and Unemployment Estimates

Shortly before *Bellevue Economic Profile* went to print, the Washington State Employment Security Department announced preliminary estimates for March 2005. **These most recent figures indicated that Washington's job growth accelerated in March and that the seasonally adjusted unemployment rate dropped to 5.2 percent. This was the first time since seven years earlier that the state's unemployment rate was as low as the national average.**[28] On a *non-seasonally adjusted basis,* unemployment was 5.7 percent in the Washington state as a whole and 4.6 percent in King County, both of which were more than a full percentage point lower than unemployment rates a year earlier. At 1,125,200 jobs in March 2005, non-seasonally adjusted non-farm employment for King County was also substantially improved (i.e., 19,300 higher) compared to March 2004. Even tech subsectors such as Computer Systems Design and Related Services that were so hard hit during the recession are on the upswing.

Forecasts for the Seattle Metropolitan Area and the Puget Sound Region

General Economic Growth and Employment Forecasts

Analysis recently conducted by Roberta Pauer, the Washington State Employment Security Department's (ESD's) regional labor economist for the Seattle primary metropolitan statistical area (which includes the smaller Snohomish County and much smaller Island county as well as larger King County), indicates that as of December 2004 this area had recouped less than one-third of the net lost jobs it lost.

While regions in Washington outside of Seattle have already recovered the net number of jobs they lost in the recession, ESD's Pauer anticipates that the Seattle metropolitan area will not have recovered the remainder of jobs lost in this area until 2006. Per Pauer's forecast, with the labor force growth that comes as the population increases, the economy will also need another two years of solid job growth after that for the ratio of the jobs relative to the number of people in the labor force to be the same as it was before the recession.[29]

Dick Conway, a principal of Conway Pedersen Economics, Inc. and a leading economic analyst in the region, notes that employment in the Puget Sound region, which dipped to its lowest recent point in 2003, has been growing at a "good clip" for almost a year. In the third quarter of 2004, observes Conway, employment in the region was up 2.1 percent over the year, which was eight-tenths of a percent higher than was the case nationally.

Based on three key developments, which his analysis indicates are likely, Conway anticipates that the recovery will continue at a similar pace at least until 2007.[30] The forecast published by Conway Pedersen Economics Inc. in their December 2004 newsletter indicates that employment will have increased by 1.9 percent in 2004, then will go on to increase further by 2.6 percent in 2005 and 2.1 percent in 2006. The conditions on which his outlook is predicated are:

- Continued real growth—albeit slowing growth in—national consumer spending and gross domestic product;
- A turnaround in Boeing employment, which will provide the region with an additional 0.8 percent points in employment growth due to both the almost 3,000 jobs Boeing is likely to add directly as well as the "multiplier effect" of these well-paid jobs; and
- Continued declines in the value of the dollar, which will reduce the cost that consumers abroad pay for U.S.-produced goods and will benefit the Puget Sound significantly because this region is, according to Conway, the top trading region in the nation.

Consumer spending remains a focal point for predicting the regional and national economies, perpetuated in recent years by low interest rates and tax cuts. Recent job growth and rising incomes are expected to support continued consumer spending. Interest rates are expected to rise. If not for the increases in jobs and income, interest rates would likely dampen consumer spending.

Multiple signs indicate that the economy in Bellevue, like the economy in the larger county and region, is recovering. However, as in the larger county, employment in Bellevue will likely take some additional time to reach and surpass levels achieved before the recession. **It is also likely that job growth in Bellevue**

will continue for the next couple of years, although neither regional nor local growth is likely to occur at the rapid rates seen in the late 1990s.

Industry Employment Forecasts

The analysis of future trends that Berk & Associates conducted for the profile found that Bellevue's strengths match well with industry sectors expected to experience substantial growth in the Puget Sound region. The Berk analysis includes an overview of the regional, industry-specific forecasts published by Conway Pedersen Economics, Inc. and looks at these forecasts' implications for key industry groups in Bellevue. This section outlines Berk & Associates' findings. Appendix B provides a more detailed summary of these findings along with tables showing forecasts for regional employment growth by industry sector. *The employment data analyzed here are based on NAICS coding and are not directly comparable to the SIC-based industry categories discussed in prior sections of this chapter.*

Key private employment drivers (the largest and rapidly growing sectors) within the overall Puget Sound region's economy include Professional and Business Services, Information, and Aerospace. Professional and Business Services are forecast to grow the most rapidly, with 6.3 percent growth in 2005 and 5.3 percent growth in 2006, adding 25,500 jobs regionally during the next two years. Aerospace jobs rank second in terms of regional percentage growth, with 4.6 percent growth forecast in 2005 and 5.1 percent growth forecast in 2006. Job growth in the Information sector ranks third, with a 3.1 percent increase forecast for 2005 and 3.3 percent growth forecast for 2006.

Overall, the Berk analysis concluded that Bellevue is an enviable position, with a large, diverse economy and industries forecast to grow rapidly in the regional economy.

- **The Bellevue economy has concentrations of jobs in the Professional and Business Services sector and the Information sector. These sectors are major economic drivers in the regional economy and are projected to grow rapidly in regional forecasts.**
- **The Health Care and Social Assistance sector is strong in the city, with Overlake Hospital growing and expecting to add jobs in two years with additional expansions to follow.**
- **There are many retail jobs in the city and regional forecasts suggest continued growth in regional retail sales.** As a regional draw of consumer spending, Bellevue will benefit from increased retail spending. Bellevue's ability to draw regional spending will also be enhanced with major retail components in new mixed use developments such as Lincoln Square.

Key industry groups such as Information, Professional and Business Services, Health Care, and Retail will continue to provide many employment opportunities for the local and regional labor force. As the economic hub of the Eastside, Bellevue will continue to provide professional services and retail for Eastside residents and workers, as well as for many companies and residents throughout the region.

ENDNOTES

[1] In 1970 Bellevue's area was about 23 square miles (up from the city's original area of 5 square miles when the city incorporated in 1953). Bellevue's area had grown to about 31 square miles by 2000 and is now about 32 square miles, which is close to the city's total potential annexation area. (Population growth due to annexations has contributed about half of Bellevue's population growth since incorporation. Annexations provided about half of the city's population growth during the decade of the 1990s, but lower percentages in the 1970s and 1980s).

[2] The Eastside subarea is based on boundaries of East King County per *King County Countywide Planning Policies.* This is the geographic area referred to as the "Eastside" in most of the profile. Exceptions to this are the somewhat different definition of the Eastside in the chapter on Population and Labor Force Demographics (in which the Eastside is defined is relation to Census Bureau-defined county subdivision boundaries) and in the chapter on Commercial Real Estate Vacancy Trends (in which the Eastside is defined according to commercial brokerages' demarcation of real estate markets).

[3] For much more information on regional employment and other economic trends, see the Puget Sound Regional Council's "Milestones" reports, *Population, Employment & Housing, 1995-2000* and *Central Puget Sound Regional Economic Profile*, at http://www.psrc.org/projects/monitoring/rep.htm.

[4] High-Technology jobs, according to the PSRC definition which is also used in the *Bellevue Economic Profile*, include selected industry groups in the FIRES, WTCU, and Manufacturing sectors (including Aerospace manufacturing although not Boeing employment because its very large job numbers would dominate any trend analysis for the cluster). At a regional and especially local level, computer related jobs in the FIRES sector make up the majority of High-Tech cluster jobs.

[5]See the Puget Sound Regional Council's web site: (http://psrc.org/datapubs/data/employment_est.htm).

[6]In a study for Microsoft to gauge its economic impact on the region, economist Dick Conway concluded that Microsoft was the single largest contributor to economic growth in Washington from 1990 to 2001, accounting for one-seventh of the total gain in state employment. "Company sparks region's growth," Brier Dudley, *Seattle Times*, February 25, 2003. In 2002 the *Seattle PI* quoted Chang Mook Sohn of the state Office of the Forecast Council saying that Microsoft—which had about 24,000 employees at the time, provides 50 to 60 percent of the software employment in Washington, "Microsoft just keeps growing and growing," Dan Richman, *Seattle Post-Intelligencer*, January 17, 2002.

[7] The stability of Microsoft as an employer also helped Redmond weather the recent recession with a lower percentage decline in covered jobs than seen in many other Puget Sound cities with substantial employment.

[8] National and state agencies such as Washington State Employment Security as well as regional entities such as PSRC dealing with industry data are in the process of replacing the Standard Industrial Classification (SIC) system with NAICS North American Industry Classification System (NAICS). NAICS is being adopted to provide a consistent means of coding industries throughout North America and to better reflect the current economy with its new, emerging, service-providing, and High-Tech industries. See the federal Census Bureau's web pages on NAICS: http://www.census.gov/epcd/www/naics.html.

[9] The custom query upon which this analysis is based only includes employment that has been geocoded, while PSRC's published estimates augment the geocoded data by proportionally allocating non-geocodable jobs among cities within each county.

[10] The most recent data available on wages based on SIC coding is from 2001, as state and federal agencies have phased out use of SIC coding and are now transitioning to NAICS coding.

[11] The link is to a helpful manual published by the federal Occupational Safety & Health Administration on SIC classifications: http://www.osha.gov/pls/imis/sic_manual.html.

[12] While the portion of the Business Services subsector in Computer and Data Processing Services industries grew prodigiously between 1995 and 2002, the *balance* of Business Services employment actually declined slightly. Still, there were some Business Services industries outside of High-Tech that also added jobs; e.g., temporary employment agencies and cleaning and maintenance services.

[13] See Appendix A of PSRC's *Regional Economic Profile* for a list of SIC codes and descriptions for industries SIC that are included in the "High-Tech" definition: http://www.psrc.org/projects/monitoring/represappa.pdf. Although Boeing is a High-Tech industry, Boeing is not included in PSRC's definition of High-Tech because it represents such a large share of total regional employment and because the unique cyclical nature of Boeing employment would otherwise skew analysis of high–tech trends.

[14] Both of these categories are included in the definition of High-Tech telecommunications firms. These two categories account for almost all of Bellevue's High-Tech telecommunications jobs.

[15] Between 2001 and 2002, the count of FIRES sector jobs went down by 3,917 in the Eastside and by an even *higher* number—7,398—in Bellevue. At the same time, the number of High-Tech jobs fell by 4,511 in Bellevue, or almost three-quarters (74 percent) of the 6,123 reduction in the number of High-Tech jobs in the Eastside as a whole.

[16] As previously noted, city level covered employment data at the two-digit SIC level is from a custom run performed by PSRC on the dataset it maintains and as such omits employment that cannot be geocoded.

[17] Other reasons why the number of people employed in Bellevue estimated in the Census is lower than employment figures, which are from other sources, may relate to difficulty in accurately coding response data to specific locations.

[18] Also, the primary level of geography used to craft the sketches are different: the trends in the sketches which look back at the last few years were derived based on covered employment data at the census tract level. For jobs centers besides Downtown Bellevue, the census tracts only *roughly* correspond with the TAZ-based job center areas. (The covered employment data for 1995 to 2002 used in analysis is from an older version of PSRC's covered employment database than the current version used in the primary citywide analysis in this chapter.)

[19]See the City of Bellevue's *Downtown Subarea Plan*, updated November 2004. These proportions are based largely on growth targets and available development capacity.
http://www.cityofbellevue.org/departments/Development/pdf/15.DowntownPlan2.pdf

[20] This analysis does not include manufacturing/industrial centers and smaller centers in the county.

[21] CES statistics for the current year are subject to sampling error. The monthly figures, often referred to as "non-farm" or "Non-Ag" payroll data, are based on a survey of selected businesses in a broad variety of sectors with the exception of agriculture. Final estimates for prior years are benchmarked to universe counts of employment from unemployment insurance reports (see http://stats.bls.gov/sae/home.htm#overview). Recent data for can be downloaded from the Washington State Employment Security Department's web site http://www.workforceexplorer.com.

[22] As these numbers are not seasonally adjusted, they show the effects of seasonal changes such as hiring in the latter part of the year in advance of the winter holidays.

[23] The National Bureau of Economic Research Business Cycle Dating Committee is a group of economists at top universities which is widely looked to as the source of when recessions begin and end in the United States.

[24] At the same time, most rural areas tend to have and continue to have higher unemployment rates.

[25] Figures for 1980 to 2003 are benchmarked to 2003; 2004 figures are non-benchmarked year-to-date figures through November.

[26] LAUS statistics are based on a combination of data from the Unemployment Insurance program, Current Population Survey; and the Current Employment Statistics survey of firms (which also provides estimates of non-farm payrolls). The LAUS statistics are for the civilian labor force only.

2000 Census Transportation Planning Package, http://www.psrc.org/datapubs/census2000/ctpp/index.htm

[28] Washington State Employment Security Department press release, "Growth Picks Up, and Unemployment Drops to Lowest Rate in Four Years," April 12, 2004.

[29] "Trends and Outlook in the 'Seattle' Labor Market, Roberta Pauer," Washington State Employment Security Department, Economic Symposium, November 30, 2004; "State enjoys strongest job growth in five years," Shirleen Holt, *Seattle Times*, January 19, 2005.

[30] "Puget Sound outlook," by Dick Conway, in a supplement to the *Puget Sound Business Journal* published for the 3rd Annual Economic Forecast Conference, January 14, 2004; *The Puget Sound Economic Forecaster*, Conway Pedersen Economics, Inc., December 2004.

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Wages and Income

Introduction

Wages and income are key indicators of how the economy is performing in sustaining and enhancing people's economic quality of life. Wages make up the majority of income for most households with at least one wage earner and represent a very important measure of people's living standards and economic opportunity. Trends in wages and income are also linked to the cycles in the underlying economy and the strength of the labor market. Poverty rates indicate the proportion of residents in a community who have incomes so low that they are severely economically disadvantaged.

The chapter begins by looking at trends in regional wages with a focus on King County. Like the employment data in the last chapter, the wage information in this chapter comes mostly from the covered employment dataset. Wages are reported in this dataset based on jobs, and are thus linked to the place in which a person works. Because city-level wage statistics are not published as part of this dataset, King County data provide the most relevant information available for this profile. King County also comprises the larger labor market in which most Bellevue residents work. While most of the wage analysis in this chapter looks at *average* wages, parts of the analysis examine the *distribution* of wages. **The second part of the wages discussion in this chapter links the industry wage data for King County with job data for Bellevue to characterize Bellevue's industry mix by likely wage level.** This analysis is also used to gain insights into whether industry sectors in which there has been growing employment in Bellevue tend also to be those that pay high wages.

While information on wages is typically linked to the places people *work*, data on income are reported based on the places people *live*. **The section in this chapter on income begins with a look at trends in total and per capita income in King County between 1995 and 2002**, and briefly compares county trends to those at the regional, state, and national levels. **The most recent information on income specific to Bellevue residents comes from the 2000 census, so this chapter also covers these findings in some detail.** Relevant findings from other, more recent national surveys by the Census Bureau are presented at the end of the chapter.

Unless otherwise stated, dollar figures presented in this chapter are adjusted for inflation. The analyses rely on information that has been compiled from a variety of datasets, many of which cover different time periods. Therefore, the year to which wages is indexed to adjust for inflation and the specific index used to adjust for inflation vary depending on the source.

KEY FINDINGS AND IMPLICATIONS—Wages and Income

Wages

Average Wages

Average wages for covered jobs in King County and the Puget Sound region have been sensitive to economic cycles but have increased substantially over the long run. Average wages both in the county and larger region reached a recent peak in 2000. In 2003, the annual average wage in King County was about $48,976 in 2003 dollars, which was almost $1,000 shy of the inflation-adjusted pre-recession year 2000 average. Findings on wages refer to those associated with jobs covered by unemployment insurance unless otherwise specified.

Average wages in King County have historically been and continue to be higher than average wages in the region as a whole. Average wages also increased more steeply in King County than in the region during the period of rapid economic growth in the late 1990s, a period in which both employment and inflation-adjusted wages posted substantial increases.

Of all major sectors, the FIRES sector (the sector containing Finance, Insurance, Real Estate, and other Services) posted the largest gains in average wages between 1995 and 2001 in King County and the larger Puget Sound region.

- Regional and county wage growth in the FIRES sector was largely due to wage and employment increases in the Business Services subsector. The Business Services subsector includes several key information technology industries such as computer programming services and prepackaged software development. These industry groups have been among the fastest growing and best paying FIRES industries.
- Given Bellevue's high concentration of jobs in the FIRES sector and in computer related industries in particular, average wages paid by employers in Bellevue are likely higher than average wages paid in King County. Given that FIRES and High-Technology jobs also increased as shares of Bellevue employment, average wages here also likely experienced strong growth between 1995 and 2001.

Distribution of Wages

Between 1990 and 2002 in King County there was an increase in the number of jobs in the higher ranges of the wage scale and a decrease in the number of covered jobs in the lowest ranges of the wage scale. This is consistent with the upward trend in the county's average wage, and reflects the general growth of prosperity of the county. While jobs across the wage spectrum saw at least some real increases in wages after adjusting for inflation, higher-wage jobs—especially those at the top—benefited the most. Between 1990 and 2002 the average hourly wage for the highest-paying 10 percent of jobs increased by 72 percent while the median wage increased by 22 percent.

Bellevue residents with higher incomes also likely saw greater rates of growth in their incomes than did others in Bellevue, as suggested by the fact that Bellevue's per capita income grew faster than the city's median income between the last two decennial censuses.

While King County's overall average wage provided a living wage to earners in many family types, according to the *Northwest Job Gap Study*, which was recently published by the Northwest Federation of Community Organizations, average wages in some industries paid below even the living wage for a single working adult.[1] (Per the study, a living wage is one that allows families to meet their basic needs and provides them some ability to deal with emergencies and plan ahead.) King County's median wage, which is lower than the county's average wage, was also insufficient in 2002 to support some families with one wage earner and two children. While incomes and wages are, on the whole, higher for Bellevue residents than for residents in the balance of King County, some significant proportion of family households in Bellevue also have earnings equating to less than a living wage. The proportion of families in Bellevue with less than a living wage is likely relatively small; yet it is likely several percentage points higher than the 3.8 percent of Bellevue families that the 2000 census indicated had incomes below poverty level.

Earning Patterns & Employment Trends by Wage Level in Bellevue

According to the 2000 census, overall median earnings per worker in 1999 were almost $35,000 for workers residing in Bellevue compared to about $30,000 for workers residing in King County.

Among industry subsectors that have a large presence in Bellevue and that also grew rapidly between 1995 and 2002, there were more jobs in *high-wage* and *moderate-wage* subsectors than in low-wage subsectors. Most of the subsectors that have both grown rapidly in Bellevue and that pay high wages are in the FIRES sector. Rapidly growing, high-wage industry subsectors in Bellevue have included the following: Business Services (FIRES), Engineering (FIRES), Accounting and Management (FIRES), Security, Commodity Brokers and Services (FIRES), and Communications (WTCU). Counted together these subsectors represented 25,230 Bellevue jobs in 2002.

The high-wage Business Services subsector added the most jobs in Bellevue between 1995 and 2002 and was the best paying of all Bellevue's large industry subsectors.

The FIRES sector and High-Technology cluster comprise larger shares of employment in Bellevue than in King County. The large increase in wages seen in these industry categories in the late 1990s would likely have had a greater impact on wages in Bellevue than in King County.

- The High-Technology cluster (which mostly contains High-Tech jobs in the FIRES' Businesses Services subsector, but also some Communications and Manufacturing jobs) represented 16 percent of Bellevue's employment compared to 10 percent of King County's employment.

Income

In 1995, per capita personal income started out significantly higher in King County compared with the rest of the Puget Sound region, and especially compared with Washington state and the nation as a whole. The acceleration of growth in per capita personal income in the late 1990s was also quite a bit sharper in King County due largely to the tech boom being concentrated in King County. However, per capita incomes in King County also fell more steeply once the recent recession took hold. This is a pattern that also likely affected Bellevue.

Forecasts suggest that total and per capita income has begun to increase and that 2005 and 2006 will see relatively strong gains in income, although these gains will not be of the same magnitude enjoyed during the boom of the late 1990s. Along with emerging positive signals coming from recent data on King County's economy, regional forecasts suggest that incomes of King County's residents—and likely also Bellevue residents—have also begun to increase and are poised to rise further in 2005 and 2006.

Taxable retail sales have recently begun growing again on an inflation-adjusted basis in both King County and Bellevue as noted in the profile's chapter on Major Employers and Business Patterns. In the *Puget Sound Economic Forecaster,* Conway and Pedersen Economics, Inc. project that growth in personal income, along with decreasing unemployment and household growth, will drive retail sales to continue growing at higher rates than inflation through 2006. This growth will benefit retailers in Bellevue as well as the larger region.

While information from the 2000 census is now several years old, it provides the most recent data available at the city level, and provides insight into how income levels in Bellevue compare with other geographies. The 2000 census showed that within King County in 1999, cities on the Eastside, including Bellevue, generally had higher earnings and incomes along with lower poverty rate.

- Bellevue's 1999 median household income as measured in the 2000 census was significantly higher than that in King County, the state, and particularly the nation as a whole.
- A relatively large proportion (just over one-third) of Bellevue's households had incomes of $100,000 or more, but about half as many had incomes of less than $25,000.

Bellevue's retailers benefit from the relatively higher incomes of local residents and those in surrounding areas. Bellevue's concentration jobs in professional and business services help provide higher wages in the city, which in turn help drive retail sales as well.

In 1999, 5.7 percent of individuals and 3.8 percent of families in Bellevue had incomes below the federal poverty level. However, in cities that have a relatively high cost of living, such as Bellevue and Seattle, poverty rates likely underestimate proportions of individuals and families facing economic and associated hardships. This underlines the need for local economic development strategies to continue to include a focus on growing the economy in ways that increase the likelihood that all workers and residents in Bellevue will earn living wages.

Wages

As noted in the introduction, wages, along with other sources of compensation such as benefits, are key indicators of the quality of the jobs an economy generates.

County and Regional Wage Trends

This section examines trends in average wages in the Puget Sound region with a focus on recent wage trends in King County. This includes looking at overall annual wages as well as average wages by industry sector and subsector. The discussion then turns to look at the distribution of wages in King County and whether gains have accrued across the wage spectrum. Trends in median hourly wages are also included because median wages represent a closer approximation of typical wages than do average wages.

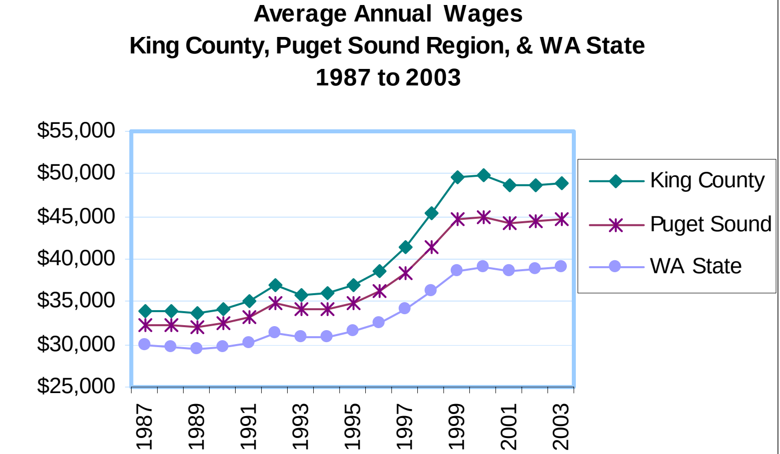
The information below on wages is from the Quarterly Census of Employment and Wages (QCEW) program data series. This is also the source for the covered employment data presented in the chapter on Employment.[2] The QCEW data are reported based on place of work and refer to jobs rather than persons as the unit of analysis.

Trends in Average Wages

Average annual wages are calculated by dividing the average number of employees across all months in a year by total wages paid to employees during that year. While they are one of the most frequently used wage statistics, average annual wages need to be interpreted with caution.[3] The annual average wage figures from the QCEW are not adjusted for the number of hours worked and tend to be significantly lower in industries with high proportions of part-time workers. Differences in average wages can result from differences in the number of hours worked in addition to differences in hourly compensation. Also, average wages do not indicate how wages are *distributed*. It is also important to keep in mind that average wage figures within a specific sector can be skewed upward—and sometimes dramatically so—by the relatively high wages associated some jobs.

Historical Average Wages 1987 to 2003

The chart to the right shows annual average wages and yearly changes in average wages in King County, the Puget Sound region, and Washington State between 1987 and 2003. Figures are adjusted for inflation and are given in 2003 constant dollars, with inflation adjustments based on the U.S. Personal Consumption Expenditure deflator.



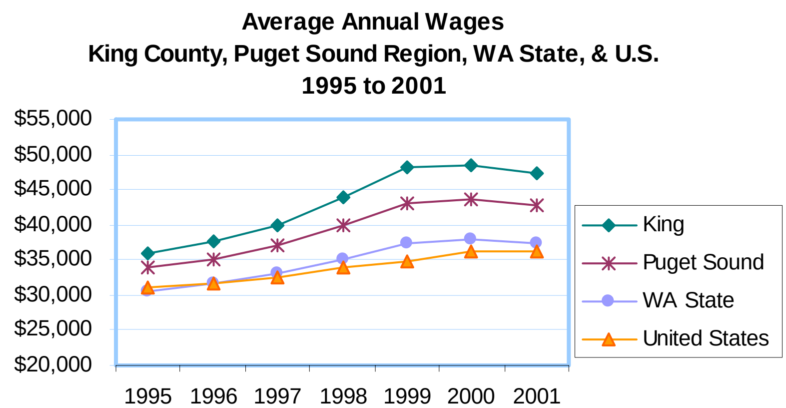
Figures are adjusted for inflation to constant 2003 dollars.
Source: Washington State Employment Security Department

Average wages have been sensitive to economic cycles, and have fallen slightly for brief periods, but have increased substantially over the long run. Annual average wages in King County, the region, and the state

peaked in 2000. The average wage in King County was $49,843 in 2000. Wages then decreased slightly from 2000 to 2001 in the county as well as in the region and state generally due to the effects of the nationwide recession in 2001. Since 2001, wages have increased slightly in King County and also at the regional and state levels. Between 2001 and 2003, the average annual wage in King County increased from $48,707 to $48,976, which is, however, still almost $1,000 shy of the pre-recession year 2000 average.

Trends in Average Wages between 1995 and 2001

This subsection summarizes average annual wages between 1995 and 2001 based on covered employment wages. This is the time period that provides the longest stretch of trend data available that allows analysis of wage levels by industry sector. (This is because the year 2001 is the last for which wage data were reported based on the Standard Industrial Classification system for coding business types.)[4] Included in this discussion is a look at the business sectors that paid the highest average wages and the sectors that have experienced the greatest growth in wages from 1995 and 2001. To allow for comparison, wages are adjusted for inflation and are shown in *2001 constant dollars*.



Figures are adjusted for inflation to constant 2001 dollars.
Source: Puget Sound Regional Council

Average wages in the region and in King County in particular, began at a higher level and increased during the late 1990s at faster rates than did average wages in the rest of the state and nation as a whole.

After increasing at a rapid pace during several years in the late 1990s, wages in King County decreased somewhat between 2000 and 2001. Still, King County's average wage advantage relative to the nation's as a whole was significantly wider in 2001 than it was in 1995. In 1995 King County's average wage was 14 percent higher than the nation's but by 2001 it was 23 percent higher. The table on the next page provides more detail on trends in annual average wages between 1995 and 2001 in King County, the region, state and nation.

Average Annual Wages King County, Puget Sound Region, Washington State, and U.S. 1995 to 2001						
	Ave. Wages for Selected Years 1995 to 2001			Change		
	1995	2000	2001	Total Change 1995 to 2001	Total Percentage Change 1995 to 2001	Average Annual Percentage Change
King County	$35,947	$48,443	$47,187	$11,240	31%	4.6%
Puget Sound Region	$33,856	$43,668	$42,863	$9,007	27%	4.0%
Washington State	$30,605	$37,947	$37,457	$6,852	22%	3.4%
United States	$31,059	$36,160	$36,159	$5,100	16%	2.6%
King County *(without Business Services)*	$34,932	$41,552	$41,577	$6,645	19%	2.9%

Figures are adjusted for inflation to constant 2001 dollars.
Source: Puget Sound Regional Council

As stated previously, covered employment wage data are not available at the city level, so it is not possible to identify the average wage for employees in Bellevue workplaces. However, the 2000 census indicated that Bellevue *residents* typically had higher median earnings and incomes than did residents in the county as a whole, as described further later in this chapter.[5] **Based on census findings, it is likely that the *average wage* of jobs held by Bellevue *residents* was also somewhat higher than the $47,187 average wage seen for jobs at the county level in 2001.**

Wages in the Business Services subsector, which includes many computer related industries such as computer programming services and prepackaged software development, have strongly influenced wages in King County. (The SIC-based Business Services subsector is made up of a wide range of businesses that provide business services, not elsewhere classified, on a contract or fee basis. The subsector includes several other business types in addition to the computer related industries noted. Other examples of industry categories within the Business Services subsector include Advertising Agencies, Credit Reporting and Collection Agencies, Employment Agencies, Photocopying Services, and Building Maintenance services. While some of the industries within Business Services are not high-paying, the computer and software related parts of this subsector represent a large percentage of employment and dominate overall wages in this subsector in King County.)

Within King County, Business Services represented 11 percent of average annual employment in 2001 and—given that this subsector has such a high average wage—21 percent of total wages earned by covered workers that year. The last row of the preceding table shows trends in King County when the Business Services subsector is removed.

Of all major sectors, the FIRES sector posted the largest percentage and absolute gains in average wages between 1995 and 2001 in both the county and region as a whole. This was largely due to wage and employment increases in the high-wage Business Services subsector. In King County, the FIRES sector went from being the second to lowest paying sector of the six major sectors to the highest paying sector.

Additional insights regarding wage trends can be gleaned from seeing wages at a finer level of industry detail. **The following table provides additional details on industry subsectors with above-average wages and 2,000 or more employees in King County.** The second half of this chapter contains an analysis that combines county level wage data with Bellevue employment trends so that some insight can also be gained into likely wage trends for Bellevue jobs.

Industry Subsectors with 2,000 or More Employees and High (Above-Average*) Wages King County

SIC	Description	Average Covered Employment in King County in 2001	Average Annual Wage in 2001	% Change 1995 to 2001	
				Change in Employment	Change in Average Annual Wage
Cons./Res.					
16	Heavy Construction Contractors	5,632	$52,365	11%	12%
					Manufacturing
24	Lumber & Wood Prod, excl. Furn.	5,492	$63,494	-13%	32%
28	Chemicals and Allied Products	2,406	$86,327	28%	81%
36	Electronic Equip., excl. Computer	7,364	$47,747	37%	31%
37	Transportation Equipment	58,937	$65,099	2%	13%
38	Instruments and Related Products	7,071	$59,815	32%	18%
					WTCU
44	Water Transportation	5,660	$57,727	-5%	14%
47	Transportation Services	8,782	$50,375	0%	50%
48	Communications	23,771	$71,327	56%	24%
49	Electric, Gas & Sanitary Services	3,988	$56,538	11%	15%
50	Wholesale Trade – Durable Goods	46,836	$56,807	5%	29%
					FIRES
60	Depository Institutions	17,919	$50,000	9%	31%
61	Nondepository Credit Institutions	5,729	$72,078	29%	54%
62	Security, Commod. Brokers & Srvcs.	6,690	$92,591	79%	16%
63	Insurance Carriers	16,078	$53,184	7%	19%
64	Insurance Agents, Brokers & Srvcs.	7,811	$54,743	2%	19%
67	Holding & Oth. Investment Offices	2,347	$82,585	62%	15%
73	Business Services	121,599	$94,452	65%	97%
81	Legal Services	11,274	$62,404	15%	34%
87	Engineering, Accounting & Mgt.	42,474	$55,320	50%	24%
TOTAL for *all* employment in *all* sectors (regardless of size of sector and wage level)		1,015,185	$47,390	24%	33%

**The average annual wage in King County for all covered employment was $47,390 in 2001, according to information downloaded from the Washington State Employment Security Department. This is slightly different than the $47,187 figure cited in the table in the previous page due to slight adjustments made by the department.*
Figures are adjusted for inflation to constant 2001 dollars.
Sources: Puget Sound Regional Council; Washington State Employment Security Department

Between 1995 and 2001, the *total* wages paid by employers to covered employees in King County increased by 64 percent from about 26 billion dollars to approximately 48 billion dollars. Subsectors that contributed over 2.0 percent of *total* wage gains in the county, along with their share of total wage gain, are:

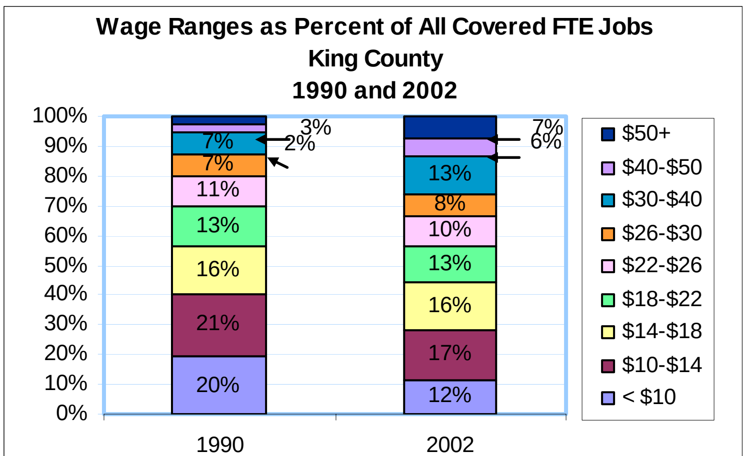
- Special Trade Contractors (Construction/Resources): 3.5%
- Transportation Equipment (Manufacturing): 2.8%
- Communications (WTCU): 4.3%
- Wholesale Trade - Durable (WTCU): 3.7%
- Eating and Drinking Places (Retail): 2.9%
- Miscellaneous Retail (Retail): 2.3%
- **Business Services (FIRES): 42.3%**
- Health Services (FIRES): 3.1%
- Engineering, Acct. & Mgt. (FIRES): 5.8%

The industries above are important engines of economic growth in the county. Most of these industries were characterized by having some combination of large numbers of employees *and/or* high wages. They also had large *increases* in wages *and/or* numbers of jobs. However, only one subsector—Business Services, *which was responsible for 42.3 percent of growth in total wages paid*—was characterized by a combination of all four of these conditions.

Press reports from the late spring and early summer of 2005 have been indicating that many of the new jobs that have been added to the state's economy since the recession's end are not as high-wage as the jobs created during the boom of the late 1990s. However, per the *Seattle Times*, regional economists have indicated their opinions that this likely is more related to the economic cycle than due to a permanent shift in the economy.[6]

Trends in King County Wage Distribution: 1990 to 2002

This section looks at wages based on hourly ranges and percentiles to provide insights into the *distribution* of wages across employees that cannot be obtained by looking at average wages.[7] The hourly wage figures in this section are based on conversion into full-time equivalent (FTE) jobs. All figures in this section have been adjusted for inflation and reflect *2002 constant dollars*.



Figures are adjusted for inflation to constant 2002 dollars.
Source: Washington State Employment Security Department

The chart to the right shows the 1990 and 2002 distributions of covered FTE jobs in King County based on wage ranges. In 1990, only 1 in 5 jobs earned $26 or more hourly; by 2000, slightly more than one-third of jobs (34 percent) earned such wages. Despite increasing as a share of jobs, jobs in the *$40+* wage ranges still made up a fairly small (13 percent) share of jobs overall in 2002.

The table on the following page shows that between 1990 and 2002 the number of jobs in the two categories paying less than $14 per hour decreased, while the number of jobs in all categories paying more than $14 per hour increased. Percentage increases were larger in wage ranges exceeding $26 per hour with the very highest rates of increase (of around 200 percent) accruing to jobs in the $40 to $50 and $50+ per hour ranges.

Number of Covered Jobs (FTE) by Wage Range
King County
1990 and 2002

	< $10	$10-$14	$14-$18	$18-$22	$22-$26	$26-$30	$30-$40	$40-$50	$50+
1990	140,279	149,529	114,411	96,406	75,691	50,611	53,894	17,360	20,641
2002	100,953	144,079	135,583	108,559	82,926	65,531	110,746	52,342	62,109
Change in Number of Jobs 1990 to 2002	(39,326)	(5,449)	21,172	12,153	7,235	14,920	56,851	34,982	41,468
% Change in Number of Jobs 1990 to 2002	-28%	-4%	19%	13%	10%	29%	105%	202%	201%
			% Change for $14-$26 = 14%						

Figures are adjusted for inflation to constant 2002 dollars.
Source: Washington State Employment Security Department

The increase in jobs paying in the higher ranges and decrease in jobs paying in the lower ranges are consistent with the upward trend in the county's average wage. However, the disproportionately large wage increases at the high end of the spectrum indicates that job holders did not benefit equally from the shift to higher paying jobs.

While jobs across the wage spectrum saw at least some real increases in wages, higher-wage jobs, especially those at the top, benefited the most. The average hourly wage for the highest-paying 10 percent of jobs increased by 72 percent between 1990 and 2002, while the median wage increased by 22 percent. Interestingly, the highest paying 10 percent of jobs was the only decile group of jobs that saw a decrease in average hourly wages after 2000. (Both median wages and wages in all decile groups except the highest 10 percent continued to register gains in 2001 and again in 2002.) This suggests that the recent decrease in the overall average wage for King County, which was discussed in the first section of this chapter, has been primarily a result of the average wage falling among the mostly highly compensated.

Median wages have been significantly lower than average wages in King County. In 2002, the median hourly wage was $19.76.[8] This was 28 percent lower than the $27.53 *average* hourly wage earned that year. This year 2002 gap between the median and average hourly wage is higher than the 19 percent difference that existed in 1990, which is another indicator that wage gains have been concentrated among high earners.

"Living Wages" in King County

One key question in looking at wages in this area is whether jobs in King County and Bellevue pay a living wage. The recently published *Northwest Job Gap Study* estimated what a living wage would have been in 2002 for several family structures.[9] They defined a living wage as "a wage that allows families to meet their basic needs without public assistance and provides them some ability to deal with emergencies and plan ahead." To the right is a table of living wages estimated for Washington State's high-cost areas including King County. These estimates assume full-time, year round employment.

Living Wage in King County 2002

Single adult	$22,630
Single adult with one child	$34,986
Single adult with two children	$47,216
Two adults (one working) with two children	$43,160
Two adults (both working) with two children	$60,195 (*combined* earnings)

Source: 2004 Northwest Job Gap Study

In King County, the average wage for covered jobs in 2002 was about $48,000 (with an average work week for all covered jobs of 32 hours). **King County's *average* wage is higher than the living wage threshold for all of the family types listed above, including a single adult with two children for whom childcare has to be paid. However, average King County wages in some retail, social service, and personal services industries were below what would even be a living wage for a single working adult.**

Also, as noted in the previous section, the overall average wage in King County is significantly higher than the median wage, due to the effect of high-wages earned in some jobs (especially software and other computer-related jobs). The *median* hourly wage was about $19.76, which even if earned full-time would be about $41,000 annually. **King County's *median* hourly wage, even when earned full-time, is less than a living wage in many one-earner family households**, including those with two children and a single parent (who has to pay for child care) or with two adults (one working and one staying at home).

The decennial census has indicated that earnings of Bellevue residents tend to be higher than earnings in King County as a whole.[10] However, compared with most King County communities beyond the Eastside, Bellevue also tends to have higher housing costs[11]—and probably also higher child care costs.[12] **It is likely that some significant proportion of family households in Bellevue** (at least several percentage points above the 3.8 percent in Bellevue living below the official poverty threshold in 1999) **have earnings equating to less than a living wage. This is particularly likely to be the case for single-parent households** (whose poverty rates also tend to be higher than other households), and likely also applies to some households with dual-earners in low-wage sectors.

The persistent presence of low incomes among some residents presents a variety of economic development challenges. Low incomes limit people's access to education and other resources that they need to work as productively as possible in the local economy. Low incomes also constrain people's ability to fuel the economy with demand for goods and services, which affects the overall consumer spending levels responsible for the majority of growth in the economy.

Forecasts for Employment Growth by Wage Group: 2002 to 2012

The Washington State Employment Security Department has prepared forecasts of employment growth for the period between 2002 and 2012 and has identified the wage cohorts that are likely to increase most rapidly during this period. The forecasts for King County predict significantly faster growth in the numbers of jobs **paying in the under-$20,000 range and in the $80,001 to $100,000 range and significantly slower growth than average in the jobs paying in the middle ($30,000 to $60,001) range**. However, the overall make up of jobs by wage groupings is not likely to shift significantly from the current situation in which about 44 percent of jobs pay in this range.[13]

Employment Trends by Wage Level in Bellevue

As previously noted, the *employment* statistics that the Quarterly Census of Employment and Wages (QCEW) program produces are available down to the city level of detail, but the *wage* statistics are only available down to the county level. As a result, one cannot look directly at wages for jobs located in Bellevue. This section attempts to provide insights into likely wage trends in Bellevue by linking recent data available on covered employment trends for industry sectors in Bellevue with the most recent county-level average annual wages for covered jobs in these sectors. The most recent employment figures available for Bellevue at the time of analysis are from 2002 while the wage information for King County is from 2001.

This analysis characterizes the composition of Bellevue's jobs by likely wage level to identify whether industry types that have been growing in Bellevue tend to be those that pay high wages. While the correspondence between wages and wage levels paid in the county and Bellevue is imperfect, industry sectors that tend to pay well at the county-level probably also generally pay well in Bellevue.

Wage Levels in Major Industry Sectors

The FIRES sector comprises a larger proportion of employment in Bellevue than in King County, as the table to the right indicates. Thus, the dramatic increase in wages in this sector in the late 1990s would be expected to have had a greater impact on wages in Bellevue than King County. As indicated previously, one of the main contributors to the increase in FIRES wages and also wages overall in the County was the rise of the high-paying Business Services subsector within the FIRES sector.

Major Sectors and Share of Covered Employment
Bellevue and King County
March 2002

	Share of BELLEVUE Employment	Share of County Employment
Construction & Resources *(Moderate-wage)*	4.8%	5.6%
FIRES ***(High-wage)***	**49.4%**	**39.1%**
Manufacturing ***(High-wage)***	**6.2%**	**11.7%**
Retail ***(Low-wage)***	17.5%	16.4%
WTCU ***(High-wage)***	**15.1%**	**13.3%**
Education & Government *(Moderate-wage)*	6.9%	13.9%

High-wage = above average annual King County wage of $47,390.
Low-wage = less than 60% of average wage or less than $28,434.
Moderate Wage = 60%-100% of average.
Industry sectors with high wages are shown in bold green.
Significantly higher employment shares are underlined.
Sources: Puget Sound Regional Council; Washington State Employment Security Department

The WTCU sector, which also has had high and increasing average wages between 1995 and 2001, also represents a

larger share of Bellevue's employment than King County's employment. In Bellevue, Communications industries—particularly those related to wireless telecommunications—drove employment increases in the WTCU sector. On the other hand, the high-wage Manufacturing sector (which did not see as large of a wage increase between 1995 and 2001) represents a lower percentage of overall covered employment in King County than in Bellevue.

Wage Levels in Industry Subsectors

The following analysis attempts to provide more insight into likely wage levels in Bellevue by looking at the industry *subsector* level. The employment information shown at this level of detail is from a custom query conducted by the Puget Sound Regional Council (PSRC) on the covered employment database it maintains.[14]

The following analysis indicates that even though overall average wages in the county—and most likely also in Bellevue—increased between 1995 and 2002, large and fast growing industries in Bellevue have comprised a mix of high, moderate, and low paying industries. The same is true of industries that have been adding employment (but at less than the overall rate of growth), and also of industries that have been shedding jobs. The table on the next page highlights industry subsectors with employment growth above Bellevue's overall employment growth of 17 percent by showing these in bold type (which also appears purple when this report is viewed in color). These subsectors have employment which has increased as a percentage share of Bellevue's covered employment.

One of the interesting findings apparent from the following table is that in addition to being the subsector that added the most jobs in Bellevue between 1995 and 2002, the Businesses Services subsector (which includes many computer and software industries), also had the highest annual average wage in 2001 of all Bellevue's large business subsectors, at $94,452. This is also the subsector that posted the largest increase in annual average wages, both in absolute and percentage terms. The annual average wage in the Business Services subsector went up by $46,493 or 96.9 percent. (This was likely partly related to the fact that the share of the subsector comprised of jobs in well-paying Software and Computer Related industries increased, as well as due to an increase in the wages paid in these high-demand industries.)

A mix of other industry subsectors also had higher than average wage *increases* between 1995 and 2001. These include some low- and moderate-wage retail subsectors (Eating and Drinking Places, Miscellaneous Retail, and General Merchandise subsectors, which had wage increases of between 33 percent and 51 percent), the moderate-wage Real Estate subsector (with an increase of 37.0 percent), and the high-wage Non-depository Credit Institutions subsector (with an increase of 53.6 percent).

Covered Employment in Bellevue by Industry Subsector
With Wage Data for King County
(Private Industry Subsectors with 1,000 or More Employees in Bellevue)

SIC Category	Description	Covered Jobs 2002	% Change in Jobs 1995 to 2002*	Average Annual Wages in King County 2001	% Change in Annual Wage 1995 to 2001	Wage Level (High, Moderate or Low)
Const./Res.						
15	General Building Contractors	2,301	-17%	$46,641	23.3%	Mod W
17	Special Trade Contractors	1,851	13%	$42,393	18.7%	Mod W
Manufacturing						
37	Transportation Equipment	3,283	-7%	$65,099	13.3%	High W
WTCU						
48	**Communications**	**4,957**	**36%**	**$71,327**	**23.6%**	**High W**
49	Electric, Gas and Sanitary Services	1,101	-3%	$56,538	15.0%	High W
50	Wholesale Trade – Durable Goods	5,189	-6%	$56,807	29.2%	High W
51	Wholesale Trade – Nondurable Goods	2,092	-17%	$47,304	18.5%	Mod W
Retail						
53	General Merchandise Stores	1,231	-16%	$31,781	33.1%	Mod W
54	Food Stores	3,222	6%	$25,104	15.7%	Low W
55	**Automot. Dealers & Serv. Stations**	**2,204**	**37%**	**$37,837**	**21.0%**	**Mod W**
56	Apparel and Accessory Stores	1,894	4%	$27,941	20.4%	Low W
57	Furniture and Home Furnishings	1,629	6%	$30,427	12.7%	Mod W
58	Eating and Drinking Places	4,997	3%	$18,002	41.8%	Low W
59	**Miscellaneous Retail**	**2,656**	**22%**	**$28,840**	**51.3%**	**Mod W**
FIRES						
60	Depository Institutions	1,154	-18%	$50,000	31.5%	High W
61	Non-depository Credit Institutions	2,127	9%	$72,078	53.6%	High W
62	**Security, Commod. Brokers & Srvcs.**	**1,144**	**61%**	**$92,591**	**15.7%**	**High W**
63	Insurance Carriers	1,075	-32%	$53,184	19.2%	High W
64	Insurance Agents, Brokers & Srvcs.	1,110	2%	$54,743	19.3%	High W
65	**Real Estate**	**4,258**	**35%**	**$37,236**	**37.0%**	**Mod W**
70	Hotels and Other Lodging Places	1,196	-27%	$21,437	15.7%	Low W
72	**Personal Services**	**1,871**	**65%**	**$22,340**	**26.7%**	**Low W**
73	**Business Services**	**2,335**	**44%**	**$94,452**	**96.9%**	**High W**
79	Amusement and Recreation Services	1,528	3%	$31,320	20.4%	Mod W
80	**Health Services**	**6,538**	**30%**	**$38,912**	**17.0%**	**Mod W**
82	**Educational Services**	**1,877**	**109%**	**$30,788**	**18.3%**	**Mod W**
83	**Social Services**	**1,849**	**76%**	**$21,798**	**21.3%**	**Low W**
87	**Engineering, Accounting & Mgt.**	**6,794**	**18%**	**$55,320**	**24.2%**	**High W**

Industry subsectors with employment growth rates above Bellevue's overall 17 percent growth rate are shown in bold purple.
^High-wage = above average annual King County wage of $47,390, Low-wage = less than 60% of average wage (low wage = less than $28,434), Mod-wage (Moderate Wage) = 60-100% of average.
Wage figures are adjusted for inflation to constant 2001 dollars.
Sources: Puget Sound Regional Council; Washington State Employment Security Department

Following is a separate table that organizes the information in a different way. The table lists large Bellevue industry subsectors with high-wage, moderate-wage, and low-wage jobs based on the rate at which their employment in Bellevue grew between 1995 and 2002.

Subsector Wage Levels
By Rate of Employment Growth in Bellevue 1995 to 2002
(Private Industry Subsectors with 1,000 or More Bellevue Employees)

	High-Wage *Above Average Wage*	**Moderate-Wage** *From 60% to 100% of Average Wage*	**Low-Wage** *Less than 60% of Average Wage*
Rapid Employment Growth *(Higher than Bellevue's overall employment growth rate of 17%)*	• Communications (WTCU) • Business Services (FIRES) • Engineering, Accounting and Management (FIRES) • Security, Commodity Brokers and Services (FIRES) *Together, these industry subsectors represented 25,230 jobs in 2002 and a job gain of 6,541 between 1995 and 2002.*	• Miscellaneous Retail (Retail) • Automotive Dealers & Service Stations (Retail) • Health Services (FIRES) • Real Estate (FIRES) • Educational Services (FIRES)	• Personal Services (FIRES) • Social Services (FIRES) *Together these industry subsectors represented 3,720 jobs in 2002 and a job gain of 1,535 between 1995 and 2002.*
Moderate Employment Growth *(Employment Growth, but at Lower than Overall Rate)*	• Non-Depository Credit Institutions (FIRES) • Insurance Agents, Brokers and Services (FIRES)	• Special Trade Contractors (Const./Res.) • Furniture and Home Furnishings (Retail) • Amusement and Recreational Services (FIRES)	• Eating and Drinking Places (Retail) • Food Stores (Retail) • Apparel and Accessory Stores (Retail)
Employment Decline	• Transportation Equipment (Manufacturing) • Wholesale Trade – Durable Goods (WTCU) • Depository Institutions (FIRES) • Insurance Carriers (FIRES) *Together, these industry subsectors represented 10,701 jobs in 2002 and a job loss of 1,343 between 1995 and 2002.*	• General Building Contractors (Const./Res.) • Wholesale Trade – Non-durable Goods (WTCU) • General Merchandise Stores (Retail)	• Hotels and Other Lodging Places (FIRES) *This industry subsector represented 1,196 jobs in 2002 and a job loss of 450 between 1995 and 2002.*

Sources: Puget Sound Regional Council; Washington State Employment Security Department

Within the ranks of industry subsectors that have a substantial presence in Bellevue and that also grew rapidly between 1995 and 2002, there were more subsectors—and also more jobs—in the high-wage category and also in the moderate-wage category than in the low-wage category. This is partly a reflection of the fact that industries paying low-wage jobs make up a relatively small proportion overall of Bellevue's large industry sectors.

Most of the large sectors in Bellevue that added employment and also *pay high wages* are in the FIRES group. Bellevue's rapidly growing high-wage industries were in Communications (WTCU); Business Services (FIRES); Engineering (FIRES), Accounting and Management (FIRES); and Security, Commodity Brokers and Services (FIRES). Counted together, these large, high paying and rapidly growing industries represented 25,230 Bellevue jobs in 2002. These same industries together added 6,541 jobs to Bellevue's economy between 1995 and 2002.

However, some rapidly growing FIRES industries tend to pay moderate or low wages: Real Estate, Health Services, and Educational Services paid moderate wages, while Personal Services and Social Services paid low wages.[15] In addition to comprising the majority of fast growing sector, FIRES industries are also found in the low and moderate growth categories.

Retail industries tended, for the most part, to be in the moderate- to rapid-*growth* categories, but in the low- to moderate-*wage* categories. Most other industries in the moderate growth category were moderate- to high-wage FIRES categories.

More of the declining industries are in the high-wage category than are in the moderate or low-wage category. Industries that are high-paying but whose employment declined in Bellevue include Transportation Equipment (Manufacturing group of industries), durable Wholesale Trade industries (WTCU), Depository Institutions (FIRES) and Insurance Carriers (FIRES). These industries combined accounted for 10,701 of Bellevue's jobs in 2002, which is a decline of 1,343 compared to the number of jobs in these industries in 1995.

The Hotels and Other Lodging Places industry was the only low-wage industry in Bellevue that declined in employment between 1995 and 2002. Again, this is partly a reflection of the relatively small proportion of large industries in Bellevue that are low-paying.

It is also interesting to look at wage levels in the subsectors that tend to have higher concentrations of jobs in Bellevue relative to their concentrations in King County as a whole. (See upper portion of the table to the right.)

Subsectors for Which Share of Covered Employment is Higher or Lower in Bellevue than in King County March 2002

		Share of BELLEVUE Jobs	Share of County Jobs
	Share of employment higher in Bellevue:		
48	Communications (WTCU) *High-wage*	4.8%	2.0%
61	Nondepository Credit Institutions (FIRES) *High-Wage*	2.1%	0.5%
65	Real Estate (FIRES) *Moderate-wage*	4.2%	1.6%
73	Business Services (FIRES) *High-wage*	12.0%	10.0%
87	Engineering, Accounting & Management (FIRES) *High-wage*	6.6%	3.7%
	Share of employment lower in Bellevue:		
37	Transportation Equipment (Manufacturing) *High-wage*	3.2%	4.9%
45	Transportation by Air (WTCU) *Moderate-wage*	0.1%	1.8%

Sectors listed in this table are those for which share of employment is >1.5 percentage points higher or lower in Bellevue than in King County.
Sources: Puget Sound Regional Council; Washington State Employment Security Department

In Bellevue, the Business Services subsector made up a slightly higher percentage of employment than it did in the county as a whole (12 percent in Bellevue v. 10 percent in the county). Given this, the high wages that generally characterize the Business Services subsector may influence total wages paid in Bellevue even more strongly than they do in the county generally.) **Other high-wage industry subsectors that made up a somewhat bigger percentage of employment in Bellevue than in the county are Communications (WTCU), Engineering (FIRES), Nondepository Credit Institutions (FIRES), and Accounting and Management (FIRES).**

The high-wage Transportation Equipment subsector (Manufacturing) includes aerospace manufacturing as well as the manufacturing of other types of transportation equipment such as cars, trucks, and ships. This subsector contributed over 3 percent of Bellevue's covered jobs. However, the proportion of jobs that the subsector contributed is higher in the county than in Bellevue.

Wage Levels in High-Technology Cluster

King County jobs in the High-Tech cluster of industries generally had 2001 average annual wages that were substantially higher than the overall county's average wage of $47,390. At $99,791, the average wage in the High-Tech cluster as a whole was over twice that of the county's average wage. Within the High-Tech cluster, the Software industry had the highest average annual wage at $174,986, followed by Telecommunications at $ 75,325 and Computer Related at $74,037.

As noted previously, **the well-paid High-Technology cluster represents a substantially higher percentage of Bellevue's employment than it represents of King County's employment.** In 2002 in Bellevue, almost 16 percent of jobs were in this cluster; in King County the share was about 10 percent. The three highest-wage industries within the High-Tech cluster noted above also each represent a greater share of Bellevue employment than King County employment.

Income

The estimates of total and per capita income compiled by the United States Bureau of Economic Analysis (BEA) are some of the most-commonly used income statistics. However, these statistics are available only down to the county level. This section on income and poverty begins by summarizing trends in total and per capita personal income in King County between 1995 and 2002, and briefly compares trends in King County to those at the regional, state, and national level. Forecasts predicting income gains at the regional level are also noted later in this section.

While income data are not available from the BEA for Bellevue, city-specific information on residents' incomes and poverty rates *is* available from the national decennial census, the most recent of which was conducted in 2000. This section summarizes income and related findings from the last two decennial censuses, and compares incomes in Bellevue to incomes elsewhere in the region. (More information on economic characteristics for Bellevue's population is available in the City of Bellevue's *Census 2000 Report*.[16]) Finally, this chapter discusses state and national trends in income-related measures based on more recent findings from another more frequently administered Census Bureau survey.

Trends in Total Personal Income and Per Capita Personal Income

The federal Bureau of Economic Analysis (BEA) derives per capita income by dividing the total personal income estimate for a specific geography by the population within that geography. Total personal income is an aggregate measure that combines net earnings received from work; income from transfer payments (such e.g., Social Security, unemployment insurance, and Medicare), and income from investments. Trends in total personal income can reflect changes in a variety of economic conditions including population, employment, wage levels, governmental policies, and rates of return on investments. **Total personal income is one of the most useful indicators of consumers' *overall* purchasing power and provides useful information for tracking both local and national economic trends.**

As an average, per capita income indicates the income each resident in an area would have if total personal income in the area were divided into equal portions. Income figures presented in this analysis have been adjusted for inflation (based on the GDP implicit price deflator for personal consumption expenditures) and are shown in 2002 constant dollars.

While per capita is a key indicator of the standard of living of an area's residents, it has some shortcomings as a measure. In the same way that average wages do not take into account the distribution of wages, per capita income does not reflect the distribution of income and tends to be skewed upward by very high incomes received by a relatively small number of people. In addition, per capita income and other measures of annual income flows do not include people's previously accumulated wealth.

Total Personal Income

Trends in total personal income, like trends in employment discussed in the first chapter of the profile, reveal that the economy has been more dynamic in King County than in the Puget Sound region, state and nation as a whole. King County's personal income grew more between 1995 and 2000 than it did in these larger geographies. However, total personal income trends also indicate that the recession also hit King County harder. After reaching its recent peak in 2000, total personal income in King County fell by 2.4 percent by 2001 and another 0.6 percent by 2002. By contrast total personal income in the Puget Sound region as a whole only decreased very slightly between 2000 and 2001 and then resumed a very gradual upward course between 2001 and 2002. In the state and nation as a whole, growth total personal income slowed, but did not turn negative between 2000 and 2002.

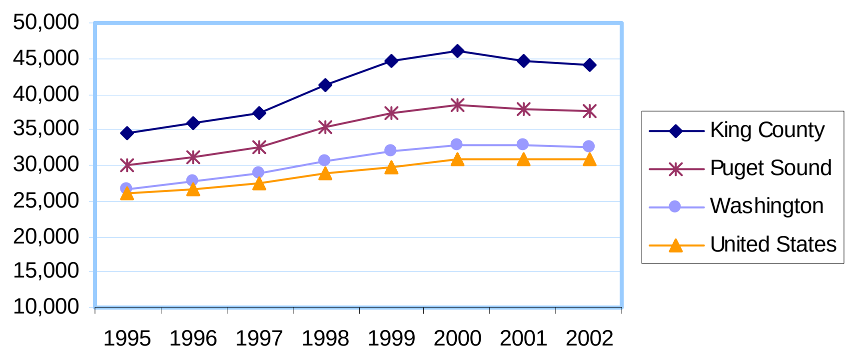
Figures for 2003 are not available for geographic levels below the state, but at both the national and state levels, total personal income increased by about 1 percent after inflation between 2002 and 2003. The most recent available quarterly data (for the second quarter of 2004) reveal the fastest pace of total personal income increase in more than three years, with Washington State having the largest percentage increase of all states.[17]

Per Capita Personal Income

Per capita personal income was $44,135 in King County in 2002. This represents an inflation-adjusted real increase of 27.6 percent, or about $9,500 per year (expressed in 2002 dollars), over that in 1995.

Between 1995 and 2002, per capita personal income followed a similar path to total personal income, rising moderately, then very rapidly in the late 1990s and peaking in 2000. In 1995, per capita personal income started out significantly higher in King County compared with the rest of the Puget Sound, and especially compared with Washington State and the nation as a whole. The acceleration of growth in per capita personal income in the late 1990s was also quite a bit sharper in King County than in the region and other broader geographies. This relates largely to the technology boom which—on a regional basis—was centered in King County, and the considerable increase in incomes that accompanied this boom.

Per Capita Personal Income
King County, Puget Sound Region, Washington State, and U.S.
1995 to 2002



Figures are adjusted for inflation to constant 2002 dollars.
Source: United States Bureau of Economic Analysis

While per capita personal incomes in King County also fell more steeply once the recession took hold, the gap between per capita incomes in King County and the Puget Sound as a whole—and especially the gaps between King County and the state and nation—remained wider in 2002 than they had been in 1995.

Per Capita Personal Income
King County, Puget Sound, Washington State & Nation
1995 to 2002

Per Capita Personal Income, Thousands of Dollars								
	1995	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**
King County	$34,590	$36,036	$37,245	$41,209	$44,749	$45,961	$44,522	$44,135
Puget Sound	$30,098	$31,263	$32,666	$35,224	$37,313	$38,435	$37,820	$37,591
Washington	$26,755	$27,721	$28,765	$30,587	$31,838	$32,870	$32,711	$32,638
United States	$26,062	$26,728	$27,547	$28,970	$29,614	$30,871	$30,943	$30,906
Annual % Change in Per Capita Income								
	1995-1996	**1996-1997**	**1997-1998**	**1998-1999**	**1999-2000**	**2000-2001**	**2001-2002**	**1995-2002**
King County	4.18%	3.36%	10.64%	8.59%	2.71%	-3.13%	-0.87%	27.59%
Puget Sound	3.87%	4.49%	7.83%	5.93%	3.01%	-1.60%	-0.61%	24.89%
Washington	3.61%	3.77%	6.33%	4.09%	3.24%	-0.49%	-0.22%	21.99%
United States	2.56%	3.06%	5.16%	2.22%	4.24%	0.23%	-0.12%	18.59%

Figures are adjusted for inflation to 2002 constant dollars.
Source: United States Bureau of Economic Analysis

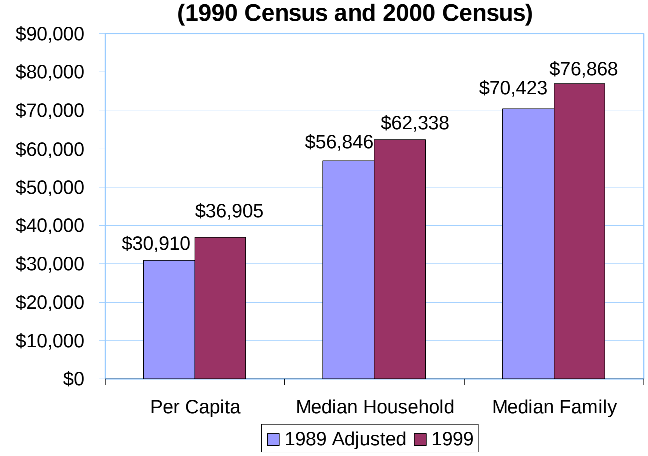
Income and Poverty Data from the Last Two Decennial Censuses

Income

The decennial census has provided information on income for individuals, households, and families. This information comes from responses to the "long form" questionnaire, which went to a sample of approximately one in six households. (Given that the questionnaire asked for income information in the previous calendar year, the 2000 census income information is for 1999 and the 1990 census income information is for 1989.) **While the dataset from the 2000 census is now several years old, it provides the most current information available at the city level, and provides insight into how income levels in Bellevue have compared to income levels in other King County cities, and to the state and nation.**[18]

The adjacent chart summarizes changes in Bellevue's per capita income, median household income and family income between the 1989 and 1999 based on information from the decennial census. Comparisons are made with income adjusted for inflation based on the Consumer Price Index for Urban Consumers-Research Series (CPI-U-RS) U.S. city average.[19]

Median Household, Family, and Per Capita Income for Bellevue Residents 1989 and 1999 (1990 Census and 2000 Census)



Figures are adjusted for inflation to 1999 dollars.

Between 1989 and 1999 Bellevue's median household income, median family income, and per capita income all rose at a higher rate than national inflation.
Per capita income rose by 19.4 percent, which is approximately double the respective 9.7 percent and 9.2 percent increases in median household income and median family income. As previously noted, average measures of income, such as per capita income, are sensitive to increases at the high end of the income spectrum while median income is not. **Thus, the faster rate of increase in per capita income likely reflects a trend in which increases were proportionally greater for Bellevue residents with higher incomes.**

The table to the right summarizes income distribution for Bellevue households generally and also for households comprised of families. *Family* households tend to have higher incomes than do other households. This is partly because some households have just one person, and also because families more commonly have two wage-earners.

- **In 1999, the majority (about 57 percent) of Bellevue families had incomes between $50,000 and $99,999. The same was also true for just under 50 percent of Bellevue households generally.**
- **A large proportion of Bellevue's households had high incomes.** Slightly more than a third of Bellevue families and slightly more than a quarter of all Bellevue households had incomes of $100,000 or above.
- **However, a small proportion of households had incomes of less than $25,000.** About 15 percent of Bellevue households and 11 percent of Bellevue families had incomes in this range. An income of $25,000 in 1999, would have been, even after adjusting for inflation, many thousands of dollars below the 2002 "living wage" levels that the previously referenced *Northwest Job Gap Study* found to be needed by single or dual-parent families in King County (see section on "Living Wages" earlier in this chapter).

Income Distribution for Households & Families
Bellevue
1999 (2000 Census)

Income Category	Households		Families	
	Total	Percent	Total	Percent
Total:	45,787	100%	29,138	100%
0-$10,000	1,954	4.3%	758	2.6%
$10,000-$14,999	1,557	3.4%	529	1.8%
$15,000-$24,999	3,290	7.2%	1,256	4.3%
$25,000-$34,999	3,942	8.6%	1,844	6.3%
$35,000-$49,999	6,957	15.2%	3,548	12.2%
$50,000-$74,999	9,333	20.4%	6,127	21.0%
$75,000-$99,999	6,648	14.5%	5,064	17.4%
$100,000-$149,999	6,714	14.7%	5,490	18.8%
$150,000-$199,999	2,479	5.4%	2,104	7.2%
Over $200,000	2,913	6.4%	2,418	8.3%

As shown in the adjacent table, figures from the 2000 census reveal quite a bit of variation in median household income between the nation, Washington state, and King County. Within King County, cities on the Eastside including Bellevue generally had higher earnings and incomes, and King County, in turn, had higher earnings and incomes than did the state and the nation.

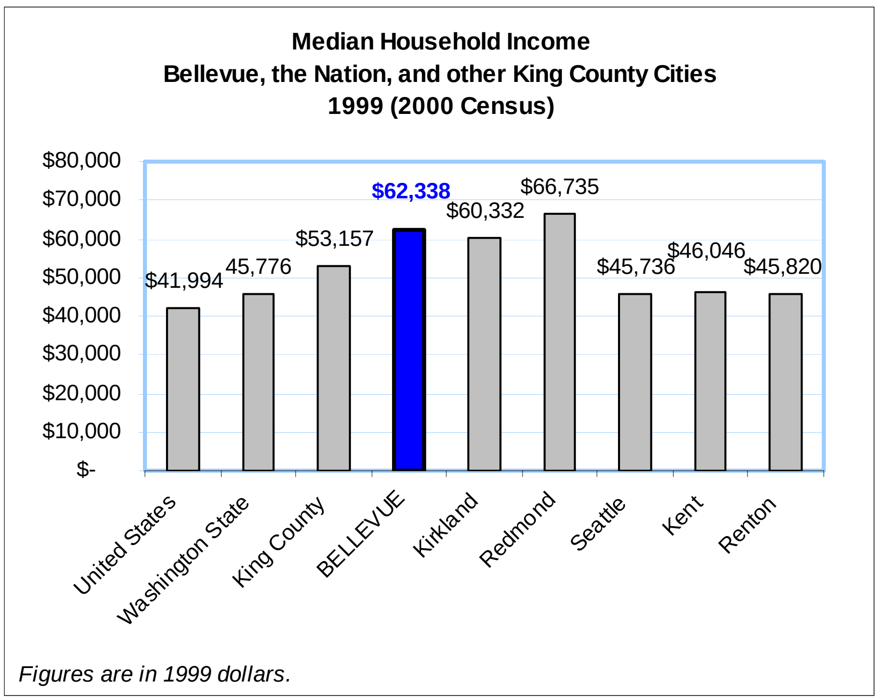
Bellevue's median household income was significantly higher than that in King County, the state, and particularly the nation as a whole. Between 1989 and 1999 growth in median household income in Bellevue was more modest than in the county and state. However, median household income increased more quickly in Bellevue than in the nation as a whole.

Also, at $62,338 in 1999, Bellevue's median household income was second only to Redmond's among cities in Washington state with populations of at least 35,000. Several of the King County cities besides Redmond with higher median household incomes than Bellevue were smaller Eastside cities such as Sammamish and Medina.

Median Household Income
Bellevue, King County, WA State and Nation
1989 and 1989
(1990 Census and 2000 Census)

	1989 Median Household Income (Adjusted for Inflation)	1999 Median Household Income	Inflation-Adjusted Growth Between 1989 and 1999
United States	$39,009	$41,994	7.65%
King County	$46,955	$53,157	13.21%
Washington State	$40,471	45,776	13.11%
BELLEVUE	**$56,846**	**$62,338**	**9.66%**

Figures adjusted for inflation to 1999 dollars.



Bellevue's retailers benefit from the relatively higher incomes of local residents and those in surrounding areas. Bellevue's concentration jobs in professional and business services help provide higher wages in the city, which in turn help drive retail sales as well.

Earnings

The lack of available wage data from the covered employment dataset precluded the analysis earlier in this chapter from directly comparing wages for employees working in Bellevue with those working in other parts of the region. However, information from the 2000 census does allow a comparison of the earnings of Bellevue residents with those of residents in King County as a whole.

As in other locations, earnings typically make up the majority of income for most working people living in Bellevue and King County. **The 2000 census indicates that workers who lived at the time in Bellevue had significantly higher earnings in 1999 than did those who lived in King County. Overall median earnings that year were almost $35,000 for workers residing in Bellevue compared to about $30,000 for workers residing in King County, which represented a difference of about 16 percent.** The difference was even greater for male workers, with male workers residing in Bellevue earning about 24 percent more than male workers residing somewhere in the county as a whole.

Median Earnings Per Worker*
King County and Bellevue
1999 (2000 Census)

	King County	BELLEVUE
Total	$30,088	**$34,891**
Full-time, year round worker	$40,437	**$47,183**
Male	$36,337	**$45,226**
Full-time, year round worker	$45,802	**$56,456**
Female	$24,367	**$26,389**
Full-time, year round worker	$34,321	**$37,124**

**Population 16 years and over with earnings in 1999.*
Figures are in 1999 dollars.

Males at both the county and Bellevue city level earned more than females. (Earnings were not adjusted for hours worked, so it is likely that some—though not all—of the difference in earnings related to women working fewer hours than men.)

Poverty

Past decennial censuses have measured the number and percentage of families and individuals whose incomes are below federal poverty standards.[20] Poverty rates are calculated using the income data from the census long form questionnaire. Poverty is measured based on thresholds that vary by household or family size and certain other factors. In the 2000 census a family of four with an income of under $17,500 was considered below poverty level. **The poverty thresholds do not vary based on geographic differences in cost of living.** Given this, care is needed when interpreting the implications of local poverty rates and when comparing poverty rates between locations. In cities, such as Bellevue and Seattle, that have a high cost of living relative to the nation, poverty rates are likely to underestimate proportions of individuals and families struggling economically.

Percentage of Individuals and Families
Below Poverty Level
Bellevue
1999 (2000 Census)

Bellevue residents overall	**5.7%**
Children (under 18 years of age)	5.9%
Seniors (65+ years)	6.3%
Seniors (65+) in married-couple households	4.3%
Older seniors (75+) not in married-couple households	9.9%
Bellevue families overall	**3.8%**
Families with related children under age 18	5.3%
Families with female householder, no husband present and related children under age 18	20.1%

As noted earlier in this section about 11 percent of Bellevue family households had incomes under $25,000 in 1999. (By the Census Bureau's definition, a family household includes a householder and one or more persons related to the householder by birth, marriage or adoption.) This would have been, even after adjusting for inflation, many thousands of dollars below the 2002 "living wage" levels that the *Northwest Job Gap Study* found to be needed by single or dual-parent families in King County.

In 1999, 5.7 percent of individuals and 3.8 percent of families in Bellevue had incomes below the federal poverty level. However, poverty rates in Bellevue, as in other locations, have tended to be much higher for certain segments of the population including those in single-parent households and older seniors who do not live with a spouse. One in five families with children headed by single mothers in Bellevue had incomes below the federal poverty level in 1999.

Within King County, cities on the Eastside, including Bellevue, generally had lower poverty rates than Seattle and cities in the southern part of the county. **King County in turn had a lower rate of poverty than did both the nation and state as a whole.** Poverty rates in 1999 were generally similar to rates in 1989 for Bellevue, King County, the state or the nation.

Recent Trend Data from Other U.S. Census Bureau Surveys

In the future, income data along with other economic as well as demographic, social, and housing information previously collected in the long form will cease being part of the national decennial census. The 2010 census will focus solely on counting the population. Data from the American Community Survey (ACS) will replace the decennial census long form questionnaire, but the ACS is currently in a test phase.

The Annual Social and Economic Supplement to the Current Population Survey (CPS) is a different, long-standing survey. The Census Bureau uses the this survey to produce official annual estimates of poverty, and estimates related to a number of other socioeconomic topics including income and health insurance coverage. **While local data are not available from the CPS, the following results from the CPS offer insights into the national and state trends in the population's economic well-being.**[21] **These include trends which may also be operating at a local level.** (Trends described below are based on real income, with figures adjusted to 2003 dollars.)

- **Real median household income declined somewhat after the late 1990s boom both nationally and in Washington state, although these declines have reversed more recently at the state level.** At the national level, median money income for all households reached a recent peak of about $45,000 in 1999 and 2000. Due to the 2001 recession, median household income then declined for two years in a row and subsequently remained statistically unchanged in 2003 at about $43,000. Two-year averages, which because of sample sizes are best used to assess changes at the state level, indicate that median household income in Washington peaked in the 1997 to 1998 period then declined for several periods. Significant increases in median household income in the state did not resume until more recently. Between the 2001 to 2002 period and the 2002 to 2003 period, median household income in Washington increased by 3.7 percent, which made this state one of only four with a statistically significant increase in income.
- **After the recession, poverty rates increased nationally and in Washington, but the increase was not statistically significant in Washington.** The 2003 poverty rate was at 12.5 percent, which was 1.2 percentage points increase from the recent low in 2000 of 11.3 percent. The two-year average poverty

rate for Washington in the 2002 to 2003 period was 11.8 percent, which was an increase of 1.6 percentage points over the rate in the 1999 to 2000 period.

- **The percentage of Americans and Washingtonians without heath insurance has increased.** The percent of people in the United States who were uninsured (by any health insurance plan including government-based and private) has gone up since 2000 and in 2003 stood at 15.6. The percentage of Washingtonians who were uninsured also increased from a 1999 to 2000 average of 13.7 percent to a 2002 to 2003 average of 14.8 percent. Both of these figures are significantly higher than the 10 to 12 percent rates that predominated in the state between 1988 and 1992. **Incomes, wages, and employment have followed economic cycles, but have generally increased over the long term both in the state and region. While indicators of economic well-being related to monetary income are increasing over the long term, the CPS results suggest the opposite with regard to health insurance.** Firms in the Seattle metropolitan area (of which Bellevue is a part) are more likely to provide their workers with health insurance: in 2002, 84 percent of Seattle area firms and 76 percent of firms statewide offered health insurance to full time employees.[22] However, employers in this area as in the nation as a whole report that affording health insurance for their workers is becoming increasingly challenging. With the probable continuation of increases in health insurance costs nationally, neither this region nor Bellevue itself is likely to be immune to long term trends in declining rates of health coverage.

Near-Term Forecasts for Income in the Puget Sound Region

Total Personal Income — In the *Puget Sound Economic Forecaster* newsletter, Dick Conway and Doug Pedersen predict that current-dollar total personal income in the four-county region will have gone up by 2.8 percent in 2003 and by a larger 4.9 percent in 2004 followed by increases of 5.8 percent in 2005 and 5.6 in 2006.[23] With adjustments based on Conway and Pedersen's forecast increases in the consumer price index,[24] **these projected increases translate into a modest real gain of about 1 percent in total personal income in 2003 followed by more substantial real gains of about 3 to 4 percent in each of the years between 2004 and 2006, with 2005 having the highest rate of growth during this period.** Wages and salaries make up the majority of total personal income and are projected to increase at rates similar to the growth rates for personal income.

Taxable retail sales have recently begun growing again on an inflation-adjusted basis in both King County and Bellevue as noted in the profile's chapter on Major Employers and Business Patterns. **Conway and Pedersen anticipate that growth in personal income, along with decreasing unemployment and household growth will drive retail sales to continuing growing through 2006.** Their forecast expects regional retail sales (taxable and non-taxable combined) to grow by 6.1 percent in 2005 and then 4.6 percent in 2006 (or about 2 percent and 3 percent respectively after adjusting for inflation). **The growth in income and retail sales will benefit retailers in Bellevue as well as the larger region.**

Per Capita Personal Income — Per capita personal income is also thought by Conway and Pedersen to have resumed fairly robust rates of growth beginning in 2004. With total personal income spread over a population base projected to rise about 1 percent each year between 2004 and 2006, **per capita personal income will increase slightly less rapidly than total personal income.** Rates of increase in Conway and Pedersen's forecast are 4.0 percent in 2004, 4.7 percent in 2005 and 4.4 percent in 2006—rates which are higher than anticipated inflation. **After adjusting for inflation, these forecasts translate into annual increases of about 2 to almost 3 percent in real personal income per capita.**

As seen from historic rates, there is a general tendency for income in King County and Bellevue to move in the same direction as it is moving in the region as a whole. **Along with other auspicious signs that have begun to emerge from data on King County's local economy—**e.g., the fact that both King County and the region posted slight increases in wages between 2001 and 2003, and that King County recently joined the rest of the region in the jobs recovery**—these regional forecasts suggest that personal incomes in King County have likely also begun to rise and are poised to register strong increases in 2005 and 2006. Bellevue residents are likely sharing in this upturn in income.**

ENDNOTES

[1] *2004 Northwest Job Gap Study*, Northwest Federation of Community Organizations and Paul Sommers.

[2] As part of the QCEW program, ESD publishes average monthly employment, total payroll, and average annual wages for all jobs covered by the unemployment insurance. As noted earlier in this report, around 90 percent of jobs are covered by unemployment insurance, with the self-employed and corporate officers being some of the major exceptions. For more info on the QCEW program see: http://www.bls.gov/cew/home.htm and http://www.bls.gov/cew/cewfaq.htm.

[3] For more information on wage data available from the QCEW dataset, see following link within the Bureau of Labor Statistics web site http://www.bls.gov/cew/cewbultn02.htm#Wages.

[4] Most of the data cited in the first part of this section were published in *The Central Puget Sound Regional Economic Profile*, which the Puget Sound Regional Council (PSRC) which was revised June 2004, http://psrc.org/projects/monitoring/rep.htm.

[5] Also, as indicated in the section on employment trends by wage level in Bellevue, there are several high-wage sectors which have employment that is more concentrated in Bellevue than in the county as a whole.

[6] "Job market grows — from bottom up," Shirleen Holt, *Seattle Times*, March 16, 2005.

[7] This wage distribution analysis is based on information from the QWEW program compiled in conjunction with the following publication, "Washington Wage Report, 1990-2002," by Scott Bailey, Regional Labor Economist, Washington State Employment Security Department, February 2004, http://www.workforceexplorer.com. However, the published report itself focused on statewide figures.

[8] A full-time employee in a job earning King County's median hourly wage would earn $41,101 in a year and an employee working 32.4 hours per week, which was the average work week in 2002, would earn $33,304.

[9] *2004 Northwest Job Gap Study*, by Northwest Federation of Community Organizations and Paul Sommers, http://www.nwfco.org/liv-w-j_pubs.htm.

[10] For specific census data see subsection later in this chapter on earning patterns of Bellevue residents.

[11] The *Seattle Times* analyzed the amount of income needed to purchase a median priced single-family home by neighborhoods within King County and found that in many neighborhoods within Bellevue and elsewhere on the Eastside, household incomes of $85,000 or higher were required, which was higher than the incomes required in many parts of Seattle and most of South King County. http://seattletimes.nwsource.com/homes/income/

[12] Child Care Resources found in their *State of Child Care 2002* report that East King County is the highest priced area in the county based on average child care center rates. http://www.childcare.org/community/state-of-childcare-02.pdf

[13] *"King County: Washington's Eight Hundred Pound Economic Gorilla: Gaining or Loosing Weight?"* presentation by Dave Wallace, Washington State Employment Security Department, January 12, 2005 for the Seattle Economists Club. Figures are adjusted for inflation. These are occupation-based forecasts. A look at *industry*-based forecasts for King County suggests similar findings except that, in the latter analysis, the industries with average wages of $150,000 or more have the very highest job growth rates (although there remains only a small percentage of jobs falling into this wage category).

[14] The custom query on PSRC's covered employment dataset upon which this section relies includes only employment that has been specifically geocoded to locations in Bellevue employment (102,388 jobs). The geocoded figure is lower than the full estimate of 110,905 jobs that PSRC estimates were in Bellevue in 2002.

[15] Even within industry subsectors, wages can vary widely. The most extreme example is in the Business Services subsector, which includes Prepackaged Software and at the high end of the wage spectrum and industries such as Adjustment and Collection Services; Building Maintenance Services; and Photofinishing Laboratories that all have low or moderate wages.

[16]Economic characteristics are covered in both volumes of the City of Bellevue's Census 2000 report: *Volume 1, Citywide and Regional Trends* and *Volume 2, Neighborhood Patterns*, accessible at http://www.cityofbellevue.org/page.asp?view=16912.

[17] The most current state and local personal income figures are available at http://www.bea.gov/bea/regional/statelocal.htm.

[18] See Economic chapter in Bellevue's Census 2000 Report Volume 1, *Citywide and Regional Trends*, http://www.cityofbellevue.org/page.asp?view=16912.

[19]Use of the CPI-U-RS follows the Census Bureau's convention for making inflation adjustments to income data http://www.census.gov/hhes/income/income03/cpiurs.html. This is a different inflation index from that used in Bellevue's Census 2000 report which is referenced in the previous footnote. Bellevue's Census 2000 report used the Seattle area CPI-U for geographies within this region, which reflected higher rates of inflation and less favorable income trends.

[20]In the 2000 census, poverty status was identified for all people except the following: those institutionalized, living in military group quarters, or residing in college dormitories, and for children under 15 years old who were not living with relatives.

[21] Reports and findings on income, poverty, and health insurance trends based on the results of the Current Population Survey can be found at http://www.census.gov/hhes/www/income03.html.

[22] Percentages are lower for firms offering health insurance for part time employees and dependents. Small firms are also less likely to offer health insurance coverage. *Washington State Employee Benefits Survey*, Washington State Department of Employment Security, 2002. www.workforceexplorer.com.

[23] *The Puget Sound Economic Forecaster*, Conway Pedersen Economics, Inc., Volume 12, Number 4, Dec 2004.

[24] The CPI index is used to adjust the forecast figures for inflation because this is the only index for which projected figures are available in Conway and Pederson's *Forecaster* newsletter. The CPI is a different index than the implicit price deflator for personal consumption expenditures and the CPI-U-RS which were used in the profile with other data sets.

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Major Employers and Business Patterns

Introduction

As indicated in the Employment chapter, Bellevue is a major employment center for the Eastside and the entire Central Puget Sound region. Bellevue employees work at thousands of companies—both large and small.

This chapter focuses on major employers in Bellevue and on a variety of types of local business patterns. **The first section in the chapter identifies businesses that are headquartered in Bellevue, businesses with the largest number of employees in Bellevue, and sector concentrations in Bellevue.** (Sector concentrations are identified based on the number of firms with their overall headquarters or primary regional location sited here.)

The second section of the chapter examines patterns and trends in the composition of businesses located in and/or doing business in Bellevue. This part of the chapter also looks at trends in local tax revenues collected from or paid by businesses, which provide another indicator of business activity.

- The Business Patterns section starts with an analysis of the number of businesses and employees by the size of businesses located in Bellevue, along with a comparison of the same information for businesses located in the region as a whole. This analysis is based on the covered employment dataset maintained by the Puget Sound Regional Council, which is the same dataset used to examine trends in the Employment chapter.
- The focus then turns to business license registrations, including both those issued by the City of Bellevue and those issues by the State of Washington, to reveal more about trends in the number and types of businesses located and/or doing business in Bellevue. Business license registrations provide an important supplemental data source especially because these registrations are not limited to businesses with employees covered by unemployment insurance.
- The analysis of tax revenues at the end of the chapter includes a brief look at trends in Bellevue's local sales tax receipts which, by their nature, largely reflect trends in local retail sales and are also closely linked with personal income. Also highlighted is recent growth in revenues from the local Business and Occupation (B&O) tax, which provides a broader economic indicator than sales tax revenue due to the broader base of businesses paying B&O taxes.

KEY FINDINGS AND IMPLICATIONS—Major Employers and Business Patterns

Corporate Headquarters, Sector Concentrations, and Major Employers

Several of the largest companies headquartered in Washington state (based on revenue) have their corporate headquarters in Bellevue, including Paccar Inc., Puget Sound Energy, Esterline Corp., and drugstore.com, inc. Several business sectors also have concentrations of headquarters or regional offices in Bellevue. These include real estate brokerages, commercial property managers, home builders, software developers, environmental and engineering consultants, and accounting firms. Having corporate headquarters in Bellevue is not only a sign of the city's *economic strength*. It is also an important measure of *community health* given that quality of life is an important criterion used by companies when deciding where to locate head offices.

Bellevue is home to a number of quite large employers. As noted in the previous chapter Bellevue is a regional employment center, and there are many specific companies and other entities located in Bellevue that are major employers. Entities located in Bellevue that employ over 1,000 people include:

- Bellevue Community College
- Bellevue School District
- City of Bellevue
- Boeing Shared Services Group
- Expedia Inc.
- Overlake Hospital Medical Center
- T-Mobile USA
- Verizon Wireless

Symetra Financial will join this list once it has completed moving its headquarters to Downtown Bellevue in 2005.

Business Patterns and Trends

Bellevue has a range of large and small employers, both are very important to the local economy. Based on covered employment data for 2002, 46 percent of covered *jobs* in Bellevue were in business locations with 100 or more employees, but approximately 82 percent of all business *locations* in Bellevue had fewer than 20 employees. A similar pattern is true for the broader Puget Sound region. In addition, between 2001 and 2002, the number of small business locations in Bellevue grew despite overall employment losses associated with the recent recession.

Between 1999 and 2004, there was an increase of 18 percent in the total number of businesses actively registered with the City of Bellevue Tax Division as located or doing business in Bellevue. The increase in business registrations was driven by businesses that are "non-filers" for Business and Occupation (B&O) tax purposes (that is, businesses expected to fall under the B&O tax exemption levels for gross receipts and business space square footage). Growth in the number of these non-filing businesses continued through the recession. While some non-filers are likely to be small businesses, others may be larger companies that have relatively small gross receipts from business activities in Bellevue. About 60 percent of the 23,000 businesses registered with the City of Bellevue's Tax Division in 2004 were located in Bellevue.

During the last six years the City of Bellevue processed between 2,200 and 2,800 new business registrations each year. While the number of new business registrations dipped in 2001 (which was the first year of the recent recession), the number quickly bounced back even as the recession continued. This suggests that business creation continued to contribute to business activity in Bellevue in the wake of the more general recent downturn in the economy.

While sole-proprietors comprise a relatively small fraction of workers in Bellevue, a look at state registrations for businesses physically located in Bellevue indicate that sole proprietors are actually the most common type of business entity in the city. Of approximately 13,000 businesses in Bellevue registered with the State Department of Revenue in 2004, 47 percent—or roughly 6,000—are sole proprietors. This is another indication of the important role that self-employed persons and small businesses occupy in the local economy.

Local sales tax revenues and B&O tax revenues, which provide two tax-related indicators of local economic activity, both rose between 2003 and 2004 after declining for a period associated with the regional recession. The 0.3 percent increase in the city's sales tax revenue and the larger increase in the city's B&O tax revenue (5 percent after excluding audit recoveries) join other signs such as improving local office vacancy rates in pointing to improving local economy.

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Corporate Headquarters, Sector Concentrations, and Major Employers

Corporate Headquarters

Many major regional companies have their corporate headquarters in Bellevue. This is important not only as an indicator of economic health, but overall community health as well. For many companies, particularly larger ones, the location of a corporation's headquarters is an important element to its overall image, and can also be an important part of the company's identity in the eyes of its customers and investors.[1]

There are many factors that go into a company's decision regarding location, but overall quality of life is often identified as an important one. The quality of a community's schools, housing stock, and cultural/recreational amenities are important not only to a company's image but also to a company's ability to recruit a talented work force. Other oft-cited criteria for locating corporate headquarters include the available labor force, transportation-related accessibility (particularly to major airports), and overall costs of living and doing business. **Bellevue's prime location in the region (including excellent freeway access from I-405, I-90 and SR-520), its highly-educated population, and its outstanding quality of life, all clearly contribute to the city's appeal as the corporate headquarters location for many companies.**

The following tables show Bellevue-based companies that were recently identified as among the 100 largest public and 100 largest private companies (based on 2003 revenues) of all companies headquartered in Washington state. The first table shows *public* companies, meaning companies that have sold a portion of their business to the public via public offerings through the stock market. Each of these Bellevue-headquartered companies had revenues of at least 2 million and up to 8.2 billion dollars in 2003. (These companies are listed alphabetically, not in order of revenues.)

Bellevue-Based Public Companies
Among Largest 100 Headquartered in Washington State

Company	Product or Service
Bsquare Corp.	Software products, services
Captaris Inc.	Software development
Cellular One-Western Wireless	Wireless communication
Click2learn Inc.*	Software development
Coinstar, Inc.	Coin counting and electronic services
drugstore.com, inc.	Internet retailer
Esterline Corp.	Aerospace and electronic equip. manufacturing
First Mutual Bancshares	Financial services
InfoSpace, Inc.	Internet content provider
Onyx Software	Software development
PACCAR Inc.	Truck manufacturing, leasing, and financing
Puget Sound Energy	Electric power and natural gas utility
Saflink Corp.	Software development
Scolr, Inc.	Health supplement supplier
Western Wireless Corp.	Wireless telecommunications

**Click2learn Inc. based in Bellevue in 2003, but merged into California-based SumTotal Systems Inc. in 2004.*
Source: Puget Sound Business Journal, Book of Lists, 2005

The table below lists Bellevue-based *private* companies that are among the highest revenue producers of all companies headquartered in Washington state. Private companies are those owned by a small number of people, often the founder of the company and a few other persons. These Bellevue-based companies had revenue of 78 million dollars to 392 million dollars in 2003. Again, companies are listed in alphabetical order.

Bellevue-Based Private Companies Among Largest 100 Headquartered in Washington State

Company	Product or Service
Attachmate Corp.	Computer software
The Burnsteads	Custom home builder
Conner Homes Co.	Home builder
GLY Construction Inc.	General contractor
Leisure Care	Manage retirement communities
Lydig Construction Inc.	General contractor
North Coast Electric Company	Wholesale distribution of electric products
Savers, Inc./Value Village Stores	Retail thrift and discount stores

Source: Puget Sound Business Journal, Book of Lists, 2005

In the summer of 2005, Symetra Financial, a privately held group of companies, will be moving its base from Redmond to Bellevue.[2] This will add another 1,000 workers to the city and enhance the economic vitality of Downtown Bellevue, where the company will occupy space in two adjacent office towers (Rainier Plaza and Key Center). (Symetra was formerly made up of a group of Safeco subsidiary companies known collectively as Safeco Life & Investments, which was then purchased in 2004 by an investor group.)

One complicating factor to listing corporate headquarter locations is the issue of corporate mergers and re-organizations. Companies are extremely dynamic, and this is particularly true for "new economy" firms that increasingly have a national and international presence.

- Click2learn Inc., which appears on the list of largest 100 public companies headquartered in this state, was based in Bellevue in 2003 (the year on which the latest ranking was based). While the company still has a major office in Bellevue, it was acquired in 2004 by California-based company SumTotal Systems Inc.
- Examples of companies not included in the lists above of companies headquartered in Bellevue, but which nevertheless have a large presence in Bellevue, include Expedia Inc. Expedia, which went public in 1999, was formerly headquartered in Bellevue and continues to have a large presence in the community. In 2003, Expedia was purchased by IAC/InterActiveCorp (based in New York City), which owns several other on-line services. At this writing it appears that IAC is likely to split in coming months, one result of which would be returning Expedia to being a Bellevue-based company.[3] Another prominent example is T-Mobile USA, formerly known as VoiceStream Wireless. T-Mobile USA, a major telecommunications company, is headquartered in Bellevue, but is also part of a large German company, Deutsche Telekom. Therefore, even though Expedia and T-Mobile each have a large corporate presence in Bellevue, neither is officially "headquartered" here.

It should be noted that this same phenomenon may affect other companies in Bellevue as well; however, Bellevue is clearly a location of choice for head offices of many companies.

The *King County Journal* has reported that recent decisions made by major companies to move their headquarters to Downtown Bellevue have been prompted in large part by Downtown Bellevue's reasonable rents, shopping and dining amenities, central location and easy access to transit and freeways.[4]

In addition to the major companies noted in the preceding tables, there are a number of companies headquartered in Bellevue that are among the *fastest growing* companies in Washington, based on increases in revenue between 2001 and 2003. Among the 50 fastest-growing private companies in Washington during this time period, 11 are headquartered in Bellevue, including 3 of the top 10. These Bellevue-based companies are listed in the table below. Each increased their revenue between 88 percent and 1,700 percent from 2001 to 2003 (which translates into a compounded *annual* growth rate within these three years of 37 percent to 322 percent). Such high growth rates are associated with the relative youth of many of these companies, the majority having been founded in 1999 or more recently. (Again companies are listed in alphabetical order, not in order of growth.)

Bellevue-Based Private Companies
Among 50 Fastest-Growing of Those Headquartered in Washington State

Company	Product or Service
180solutions Inc.	Provides on-line search marketing
Ascentium Corp.	Marketing and technology consulting
Congruent	Software development and consulting
Danube Technologies Inc.	Software products and services
Home Technologies	Residential technology systems
HouseValues Inc.	Technology services for real estate industry
Image Source Inc.	Promotional marketing
Inserve Corp.	Outsourcing human resource services
InsuranceOnly Inc.	Wholesale insurance brokerage
Knowledge Anywhere Inc.	Technology-based learning systems
Smooth Corp.	On-line sales of flooring products

**HouseValues Inc. moved its headquarters to Kirkland in December of 2004.*
Source: Puget Sound Business Journal, Book of Lists, 2005

In addition to fast-growing private companies, there are a number of Bellevue-based companies among the fastest-growing public companies of those headquartered in Washington state, ranked by the three-year compounded annual percent change in revenue from 2001 and 2003. All five of these fast-growing public companies also ranked among the largest public companies headquartered in the state. Each of the Bellevue-based companies ranking among the fastest growing public companies had three-year compounded annual growth rates between 7 percent and 30 percent. Therefore, these firms are not only large in terms of overall revenue, but are also growing quickly in terms of revenue generation.

Bellevue-Based Public Companies Among 50 Fastest-Growing of Those Headquartered in Washington State	
Company	**Product or Service**
Coinstar Inc.	Coin counting and electronic services
drugstore.com Inc.	Internet retailer
Esterline Corp.	Aerospace and electronic equip. manufacturing
Paccar Inc.	Truck manufacturing, leasing, and financing
Western Wireless Corp.	Wireless telecommunications
Source: Puget Sound Business Journal, Book of Lists, 2005	

As noted in the first and final chapters of this profile, Bellevue is one of the prime locations in the region for High-Tech and FIRES (Finance, Insurance, Real Estate, and Services) jobs. Therefore, it is not surprising that a large proportion of the major and fastest-growing companies that are headquartered in Bellevue are in these sectors. The following section will explore specific business clusters in which Bellevue has a concentration of corporate headquarters or regional offices.

Sector Concentrations

The previous section discussed companies whose corporate headquarters are located in Bellevue (although, as noted, there is some dynamism when it comes to corporate headquarters locations). When taking a closer look at companies that are headquartered in Bellevue, or have their Puget Sound area headquarters in Bellevue, one finds that **there are several specific industries and types of companies that have significant clusters of area offices or headquarters in Bellevue.** Note that the following list includes firms that may not have their overall corporate headquarters in Bellevue, but are national/international firms that have their largest Puget Sound-area office in the city. The source of this information is the *Puget Sound Business Journal Book of Lists*, 2005.

Sector concentrations are found in Bellevue in the following industry sectors:

Real Estate and Construction

- **Commercial Real Estate Brokerages**: Of the 25 largest (based on licensed agents) commercial real estate brokerage firms in the region, 9 are located in Bellevue.
- **Commercial Property Managers**: Of the 20 largest (based on square footage managed) commercial property managers in the region, 6 are located in Bellevue.
- **General Contractors**: Of the 25 largest (based on billings) general contractor companies in the region, 7 are located in Bellevue.
- **Home Builders**: Of the 20 largest (based on number of homes built) home builders in the region, 9 are located in Bellevue.

Tourism

- **Hotels**: Of the 25 largest (based on number of guest rooms) hotels in the region, 5 are located in Bellevue.
- **Travel Agencies**: Of the 15 largest (based on gross sales for Puget Sound-area offices) travel agencies in the region, 5 are located in Bellevue.

Information Technology

- **Software Developers**: Of the 25 largest (based on revenue) software developers in the region, 11 are headquartered in Bellevue.

Professional Services

- **Environmental Services**: Of the 25 largest (based on billings for environmental services) environmental services firms in the region, 6 are located in Bellevue.
- **Engineering**: Of the 25 largest (based on billings) engineering firms in the region, 6 are located in Bellevue.
- **Accounting**: Of the 25 largest (based on number of area professional staff) accounting firms in the region, 8 are located in Bellevue.
- **Promotional Merchandise**: Of the 20 largest (based on billings for Puget Sound-area offices) promotional merchandise companies in the region, 5 are located in Bellevue.
- **Securities**: Of the 25 largest (based on number of licensed brokers) securities firms in the region, 5 are located in Bellevue.
- **Employment Agencies**: Of the 25 largest (based on number of placements) employment agencies in the region, 8 are located in Bellevue
- **Office Furniture Dealers**: Of the 25 largest (based on number of full-time Puget Sound area employees) office furniture dealers in the region, 5 are located in Bellevue.

These concentrations of companies occur across several specific sectors as indicated in the above list. Many of these concentrations are in business services and other professional services industries (for example, commercial real estate and property managers, environmental and engineering services, accounting and employment agencies) that support the overall regional economy. The less technology-oriented of these service industries typically do not have employment multipliers that are as large as do sectors such as aerospace and information technology.[5] However, these are still a major component of the economy, and provide many high wage jobs. In addition, within the Information Technology sector, Bellevue contributes the highest ratio (11 out of 25) of the top software developer companies in the entire Puget Sound region. The Employment chapter provides more information on industry sector concentrations in Bellevue based on employment levels. The chapter on Bellevue's Economy and the Regional Economic Strategy goes into more detail on specific businesses that are based in Bellevue in regionally-strong clusters, including Information Technology and Business Services.

Major Employers

As noted in the previous section, there are a large number of overall corporate headquarters (or Puget Sound area main offices) located in Bellevue. In addition, there are many thousands of business entities in the city that provide employment opportunities to residents of the city and the broader region. As noted in the Employment chapter, there are approximately 125,000 total jobs in Bellevue (approximately 110,000 *covered* jobs), as of 2003. This section will provide more detail on the identity of some specific major employers in the city. The following section provides information on the breakdown of businesses by size and other characteristics.

According to covered employment data from the Washington State Employment Security Department, there were approximately 200 business locations in Bellevue that employed 100 or more people in 2002 (the most current year available). **These major employers, even though they only represent a small percentage (4 percent) of overall business *locations* in the city, accounted for a substantial percentage (46 percent) of total *jobs* in Bellevue.** Note that data is based on business locations; it is possible in some cases that a single business entity might have employees at more than one location within the city.

Among these large employers, research for the profile indicates that the dozen largest employers[6] in the city include the following entities. These firms are listed in alphabetical order, not based on numbers of employees. The number of employees listed represents the most current estimates of employment by each entity; these employees may be spread over several different locations within the city (for example, Bellevue School District has employees at all of its different schools, plus administrative headquarters).

TOP TWELVE EMPLOYERS IN BELLEVUE

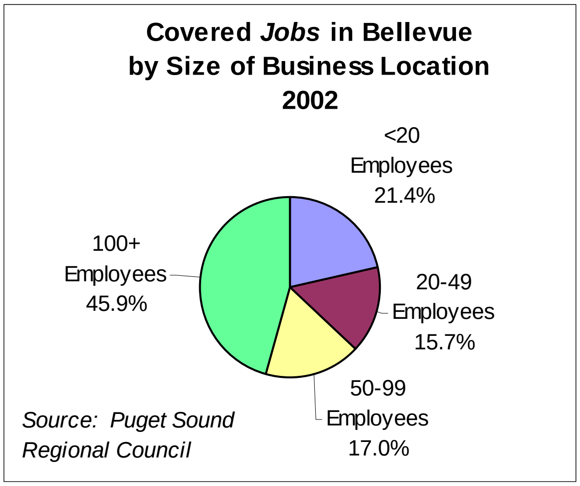
- Bellevue Community College (1,400 employees)
- Bellevue School District (1,900 employees)
- City of Bellevue (1,600 employees)
- Boeing Shared Services Group (2,800 employees)
- Expedia Inc. (1,100 employees)
- Nordstrom Inc. (900 employees)
- Overlake Hospital Medical Center (2,200 employees, not including physicians)
- Puget Sound Energy (800 employees)
- Safeway (800 employees)
- T-Mobile USA (approximately 2,000 employees)
- Verizon Wireless (approximately 2,000 employees)
- Symetra Financial (moving headquarters with 1,000 employees to Bellevue in summer of 2005)

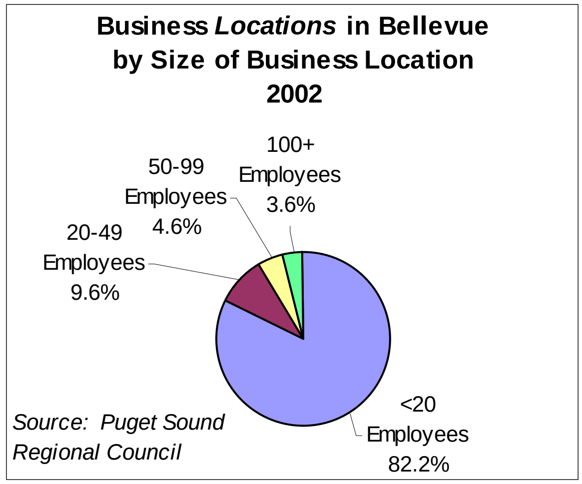
These largest employers represent a variety of sectors: public sector, private sector, and non-profit (in the case of Overlake Hospital Medical Center). There are many other major employers in the city as well, including Paccar and Western Wireless. **The twelve largest employers noted above alone account for over 18,000 jobs in the city, which is well over 10 percent of all jobs in the city.**

Business Patterns and Trends

Number of Employers with Covered Employees by Business Size

This section outlines patterns in the number of employees and businesses in Bellevue and the region by business size. In this analysis, business size is based on the number of covered employees at an individual business location. As noted in the Employment chapter, covered employees refer to those covered by the state unemployment insurance program.[7] Only businesses with locations that could be geocoded are included in the analysis. For purposes of this analysis, businesses include establishments in the non-profit and governmental sectors, as well as the private sector.





As noted in the pie chart above to the *left*, about 46 percent of covered jobs in 2002 were within the largest business locations (locations in which 100 or more employees work), while only 21 percent were in smallest business locations (locations where fewer than 20 employees work). **Conversely, as shown in the pie chart above to the *right*, a large majority (82 percent) of business *locations* in the city employed fewer than 20 people,** while only a small proportion (about 4 percent) employed 100 or more persons.

These figures actually understate the number of small businesses in Bellevue, given that only businesses with employees covered by unemployment insurance are included. As discussed in more detail later in this chapter, there are thousands of additional sole proprietorships and other small businesses in Bellevue beyond the approximately 4,500 small businesses identified here.

Trends between 1995 and 2002 in terms of business locations and jobs in Bellevue are described in the following table. (The actual numbers of business locations with covered employees is somewhat higher than the figures in the table given that these figures are limited to business locations that could be geocoded.)

Employment and Business Locations by Size of Business Location Bellevue Selected Years, 1995 to 2002					
Year	Count of Covered Employment				
	Fewer than 20 Employees	Between 20 and 49 Employees	Between 50 and 99 Employees	100 or more Employees	TOTAL
1995	22,094	15,390	14,311	36,663	88,458
2000	22,639	16,979	16,295	52,389	108,302
2001	22,035	16,910	18,678	52,896	110,519
2002	21,888	16,032	17,442	47,023	102,385
Year	Count of Business Locations				
	Fewer than 20 Employees	Between 20 and 49 Employees	Between 50 and 99 Employees	100 or more Employees	TOTAL
1995	4,531	493	211	154	5,389
2000	4,526	546	236	240	5,548
2001	4,439	549	263	225	5,476
2002	4,502	527	253	198	5,480

Based on geocoded business locations and covered employment. Business locations without employees covered by unemployment insurance are not included.
Source: Puget Sound Regional Council

The table above shows that **in Bellevue the number of jobs overall and within each of the three business size categories with 20 or more employees was substantially higher at the end of the economic boom in 2001 than it was in 1995. However, the number of jobs stayed fairly stagnant for those locations that employed fewer than 20 persons.** The same general trend was also true for business locations, although the number of locations peaked in 2000 for businesses overall, and for those with 100 or more employees. **Most of the employment growth that happened between 1995 and 2001 occurred in the largest size category: a growth of 16,233 jobs out of 22,061 citywide.**

During the economic downturn that occurred between 2001 and 2002, the number of employees in all of the business location size categories fell, as did the number of business locations in most categories. Yet, employment in business locations with fewer than 20 employees decreased *only slightly* (by 1 percent) and the number of business *locations* in this smallest category *increased slightly* (from 4,439 to 4,502). The increase in the number of small business locations was greater than the decrease in the number of larger business locations, translating into a continued increase in total business locations between 2000 and 2001 despite the downturn in the economy.

Most of the city's employment loss that occurred between 2001 and 2002 happened in business locations with 100 or more employees. Within this one year, this group of businesses lost 5,873 or 11 percent of its employees.

When comparing Bellevue's composition of businesses with the overall Puget Sound region, **one sees that *broad* patterns in the size of businesses at the overall regional level are fairly similar to Bellevue's.** The importance of small businesses is apparent at the overall regional level as well as at the local level, as shown in the following table.

Business Locations by Size of Business Location
Bellevue and the Puget Sound Region
Selected Years, 1995 to 2002

	Count and Percentage Share of Business Locations									
Area and Year	Fewer than 20 Employees		Between 20 and 49 Employees		Between 50 and 99 Employees		100 or more Employees		TOTAL	
	Count	%	Count	%	Count	%	Count	%	Count	%
BELLEVUE										
1995	4,531	84.1%	493	9.1%	211	3.9%	154	2.8%	5,389	100%
2000	4,526	81.5%	546	9.8%	236	4.3%	240	4.3%	5,548	100%
2001	4,439	81.1%	549	10.0%	263	4.8%	225	4.1%	5,476	100%
2002	4,502	82.2%	527	9.6%	253	4.6%	198	3.6%	5,480	100%
Puget Sound Region										
1995	63,465	84.2%	6,831	9.1%	2,964	3.9%	2,146	2.8%	75,406	100%
2000	70,042	83.7%	7,789	9.3%	3,314	4.0%	2,571	3.1%	83,716	100%
2001	72,355	84.0%	7,916	8.4%	3,252	3.8%	2,595	3.0%	86,118	100%
2002	74,084	84.8%	7,726	8.8%	3,075	3.5%	2,468	2.8%	87,353	100%

Based on geocoded business locations and covered employment. Business locations without employees covered by unemployment insurance are not included.
Source: Puget Sound Regional Council

In the region, as in Bellevue, the percentage of business locations in the smallest category (those that employ fewer than 20 people) have constituted the majority of business locations, while large business locations have comprised a small percentage of all business locations.

While this general pattern remained the same in the region as in Bellevue between 1995 and 2002, there were some shifts in this period, which resulted in Bellevue having a somewhat greater share of large businesses at a percentage of its business locations.

- **During the economic boom that occurred between 1995 and 2001, the number and percentage of business locations with 100 or more employees rose in both the region and in Bellevue, but rose faster in Bellevue.** The number of these large employer locations rose by 46 percent in Bellevue, increasing from 2.8 percent of all business locations to 4.1 percent of all business locations. In the region, the number of large employee locations rose by approximately 21 percent during this same period, increasing from comprising 2.8 of business locations in 1995 to making up 3.0 percent in 2001.
- **Despite the fact that decreases between 2001 and 2002 occurred in Bellevue as well as in the region in the number of large business locations, large business locations were a greater share of business locations in Bellevue in 2002 than they were in the region as a whole:** in 2002 3.6 percent of Bellevue business locations compared to 2.8 percent of business locations regionally contained 100 or more employees.

With regard to small business locations (those employing 20 people or fewer), the previous table does show ongoing importance of these types of businesses to the regional and local economy. In both Bellevue, as previously discussed, and in the region, the number of business *locations* rose between 2001 and 2002, despite the fact that the number of *jobs* overall decreased. Also **for both the region and Bellevue, the continued overall increase in the number of business locations between 2001 and 2002 was driven completely by small businesses**; in fact, the number of business locations in the other employment categories all dropped during this period**. While it is likely that some businesses previously in larger business categories fell in size and became small businesses, the trends presented here as a whole suggest that small businesses have been, in at least some ways, more resilient than large businesses. This speaks to the continued importance of new business start-ups and on-going nurturing of small businesses to both the local and regional economy.**

As noted, in 2002 over 80 percent of all business locations in Bellevue had fewer than 20 employees. Supporting and helping small businesses is an important priority for the City of Bellevue and its economic development partners. For example, in 2002 a number of organizations, including the City of Bellevue, the Bellevue Chamber of Commerce, Bellevue Community College, City University, and the Port of Seattle created the Bellevue Entrepreneur Center (BEC). The mission of the BEC is to provide a network of business resources on the Eastside for those seeking to start or expand a business, with a focus on under-served businesses and communities. The BEC places a focus on helping culturally diverse members of the community, given that in 2004 almost a quarter of Bellevue residents (24.5 percent) were born outside of the United States.

Trends in Business License Registrations

Business License Registrations with the City of Bellevue

Bellevue administers and collects revenues from a Business and Occupation (B&O) tax. **All businesses engaged in any business activity in Bellevue are generally required to register with the City of Bellevue's Tax Division and obtain a business license.**

This section looks at recent trends in the number of active taxpayer accounts and the number of new business license registrations, which are general indicators of local business activity. However, a few caveats need to be kept in mind when interpreting these data:

- A significant minority (about 39 percent in 2004) of registered businesses that "engage in business" in Bellevue are not physically located within Bellevue city limits.[8]
- Whether a business has employees covered by unemployment insurance has no bearing on whether a business is required to register with the City of Bellevue.

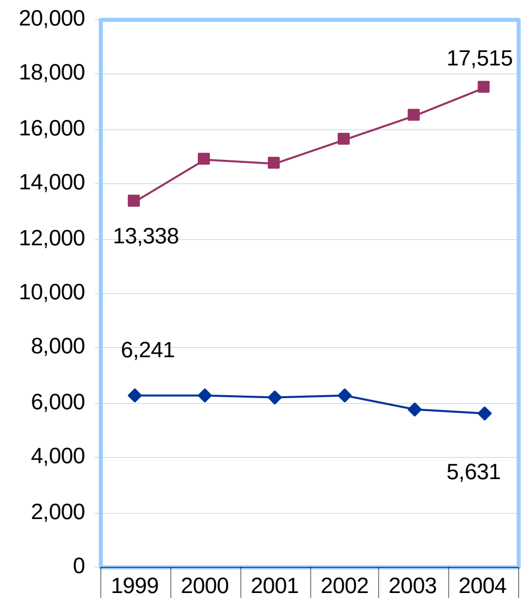
The prior points are primary reasons why the total number of businesses registered with the City of Bellevue is substantially higher than the number of Bellevue business locations in the covered employment dataset.

Annual Trends in the Total Number of Active Business License Registrations

The chart to the right shows trends in all active business taxpayer accounts registered with the City of Bellevue from 1999 to 2004 by tax filing status for purposes of B&O tax collection. Filing status in any given year is based on estimated annual income for that year or actual amounts reported for the prior year. In 2004, businesses with more than $125,000 in taxable gross receipts or more than 250 taxable square feet of business space located in Bellevue were required to pay B&O taxes. (The gross receipts income exemption level has increased in increments from its $100,000 level in 1999.[9]) While some non-filers are likely to be small businesses, others may be larger companies that have relatively small gross receipts associated with business done in Bellevue.

Between 1999 and 2004, the total number of businesses with active registrations with the City of Bellevue increased by about 18 percent from about 19,500 to about 23,000. In 2004, roughly 14,000 of the total 23,000 had physical addresses within Bellevue city limits, while the remaining ones only did business in Bellevue. The number of non-filers registered has been significantly larger than the number of filers.

Active Taxpayer Business Accounts Registed with the City of Bellevue 1999 to 2004



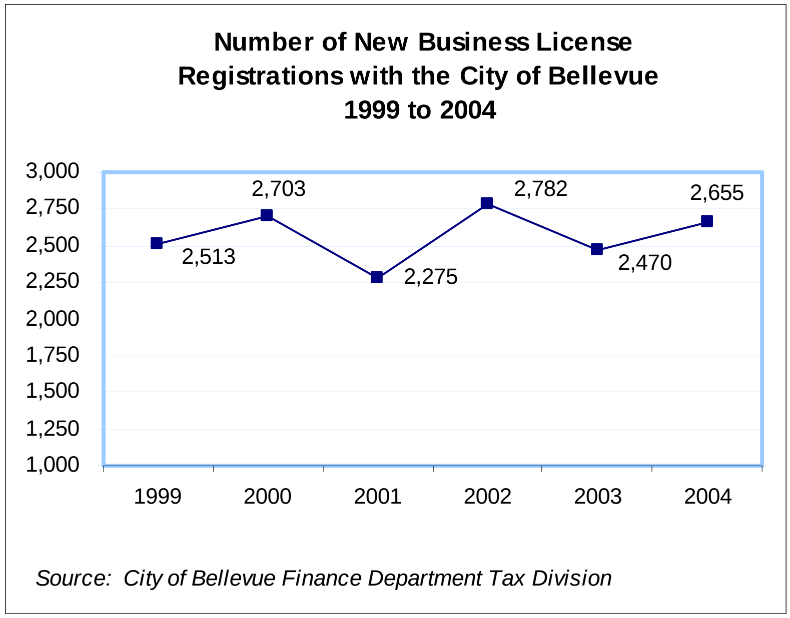
	1999	2000	2001	2002	2003	2004
Nonfilers	13,338	14,897	14,738	15,588	16,531	17,515
Quarterly Filers	6,241	6,287	6,233	6,256	5,745	5,631

Source: City of Bellevue Finance Department Tax Division

Trends in the number of non-filers were very different from trends in the number of filers, especially in the years after the recession hit in 2001. Between 1999 and 2004, the number of active business registrants that were non-filers grew by almost one-third (or by over 4,000 businesses). By contrast, the number of active business registrants among the ranks of the filers decreased by about one-tenth (or by 610 businesses.) **The number of quarterly filers remained essentially static from 1999 up to 2002 and then declined two years in a row between 2002 and 2004. By contrast, growth in the number of non-filers was only interrupted between 2000 and 2001**, with the number of non-filers going on to increase during the next two years despite the economic decline that was occurring in King County as a whole between 2001 and 2003. There are several potential reasons contributing to the divergence in these trends, although information is not available to identify what factors actually influenced these trends.

Annual Trends in Number of *New* Business License Registrations

The number of new business licenses issued by the City of Bellevue is one indicator of business activity and shows growth in the number of companies doing business locally.



The chart on the right shows the number of new business license registrations that the City of Bellevue Tax Division issued each year between 1999 and 2004. **During the six-year period beginning with 1999 and ending in 2004, the number of businesses newly registered with the City of Bellevue varied from about 2,200 to 2,800 per year.** As previously stated, in 2004 about 61 percent of the businesses registered with the City of Bellevue were physically located in Bellevue. If this also applies to the number of *new* business license registrations, this would mean that approximately 1,400 to 1,600 businesses physically located in Bellevue registered with the City of Bellevue each year during the last six years.

It is difficult to discern any particular trend in the annual number of new business license registrations between 1999 and 2004. There are also challenges in interpreting these figures because other circumstances in addition to the first-time opening of a business can trigger requirement for a new business registration. New registrations are, for example, also required when a business adds a location, as well as when it changes entity type (for example when it goes from a sole proprietorship to a general partnership, or from a limited liability partnership to a corporation).

However, within this period, it is noteworthy that the number of new business registrations dipped in 2001—the first year of the recent recession—to its lowest point in the last six years, but then rebounded the very next year (in 2002) to its *highest* point in six years. Also, the number of new business license registrations in 2004 was one of the higher figures in the six-year period.

Not all new businesses continue or succeed in the long term. However, the peaking of new business license registrations the year after the recession began suggests that business creation, likely including that of small businesses, has continued to contribute to business activity in Bellevue in the wake of larger economic downturns.

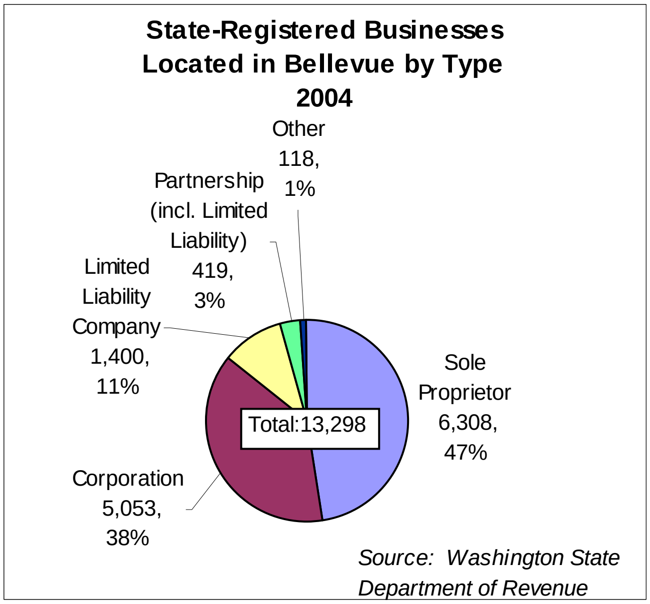
Businesses Located in Bellevue Registered with State of Washington

Annual Trends in Numbers and Types of Active Business Registrations

Businesses and other entities must register with the State of Washington Department of Revenue (DOR) if the business is required to collect sales tax or is required to pay any other taxes or fees to the DOR including business and occupation tax (administered separately from local business and occupation taxes) and/or public utility taxes.

This section examines recent trends in the numbers and types of businesses (and other entities) registered with the Washington State Department of Revenue (DOR) that are physically located in Bellevue. The information covers the period 1999 to 2004 and is for businesses actively registered with the state DOR as of March of each year. The number of businesses in the analysis of state DOR registrations is lower than the overall number in the examination of City of Bellevue Tax Division registrations because only businesses with physical addresses in Bellevue were included in the analysis of the DOR data. While the State DOR and the City of Bellevue Tax Division datasets are different, both include businesses regardless of whether they have employees covered by unemployment insurance.

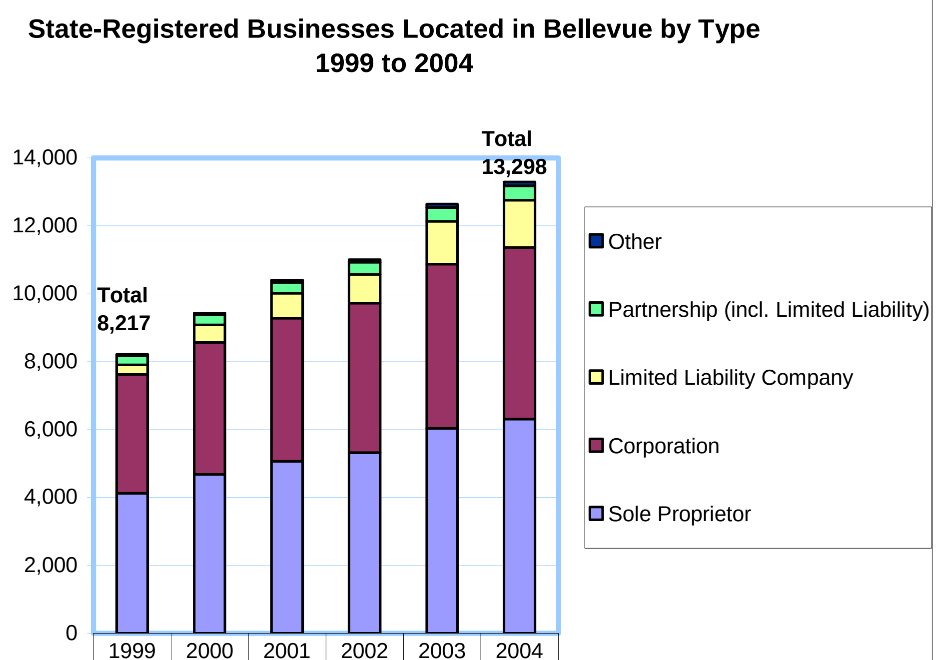
The adjacent pie chart shows the year 2004 percentage share that each entity type comprised of Bellevue-located businesses registered with the Washington State Department of Revenue. **In 2004, as in prior years in the period analysis, the most common type of business in Bellevue was the sole proprietor form,** which made up 47 percent of businesses in Bellevue registered with the state DOR. Nationally, and likely also in Bellevue, the vast majority of small businesses begin as sole proprietorships, which are by definition owned and controlled by one person (or a married couple). **Sole proprietorships employ far fewer people in Bellevue than do corporations. However, the fact that almost half of businesses in Bellevue are sole proprietorships is another indication of the important role that self-employed persons and small businesses occupy in the local economy.**



Corporations made up the second largest share (38 percent) of Bellevue-located businesses registered with the state DOR. A corporation is a legally incorporated entity that is separate from its owners, and can be taxed, sued, and can enter into contracts. (The owners of a corporation are its shareholders. The owners, who are the corporation's shareholders, elect a board of directors that oversees the corporation.[10])

Limited liability companies comprised another 11 percent, and partnerships another 3 percent of Bellevue businesses registered with the state DOR. The remaining 1 percent included a variety of entity types (i.e., mostly non-profit corporations, and associations, along with very small numbers of tenants in common, trusters, and municipal subdivisions.) Limited liability companies (LLCs) were the entity type with the most rapidly growing numbers—increasing from 284 in 1999 to five times that, or 1,400, in the year 2004. This is a fairly new type of business structure that combines certain advantages of a corporation with the flexibility of a partnership.

The chart below shows trends between 1999 and 2004 in the number of Bellevue-located businesses registered with the Washington State DOR overall and within each entity type. **As seen from the chart, the total number of Bellevue-located businesses registered with the state DOR increased greatly from about 8,200 in 1999 to about 13,300 in 2004—a 65 percent increase during this period.** All of the main entity types shown in the chart have also increased by large percentages during this period. The most common form—sole proprietorships—increased by about 53 percent from roughly 4,100 businesses to about 6,300 while corporations increased by a slightly lower 45 percent from numbering approximately 3,500 to about 5,000.



	1999	2000	2001	2002	2003	2004
Other	52	56	64	79	101	118
Partnership (incl. Limited Liability)	260	291	316	360	408	419
Limited Liability Company	284	519	736	842	1,261	1,400
Corporation	3,496	3,881	4,212	4,403	4,832	5,053
Sole Proprietor	4,125	4,686	5,070	5,322	6,040	6,308

Source: Washington State Department of Revenue

National estimates out of the Northeastern University's Center for Labor Market Studies suggest that from the end of 2001 to the end of 2003, self-employment increased by about 1 million.[11] Economists at the center noted that the nation's self-employed people include a wide variety of individuals, including entrepreneurs working to start new businesses, displaced workers, and early retirees. According to analyses produced by the center, the national growth in self-employment stemmed partly from the downturn during the recent economic cycle in which people unable to find the traditional employment became self-employed. However, the analysis also found that growth in self employment was *also* related to a *more permanent* shift in the way work is organized. Many of these trends are likely also occurring in Bellevue, and while available information does not identify definitively whether this is the case, local data on business registrations is not inconsistent with such trends.

Trends in Taxes Collected From or Paid by Businesses

Trends in sales tax revenues are closely linked with trends in personal income, and also affected by consumer confidence levels. When personal income is rising, taxable retail sales and tax revenue from those sales also tend to increase. **B&O tax revenues provide a broader indicator than do sales tax revenues because the B&O tax has a broader base**, being a tax on businesses' gross receipts and/or square footage of space.

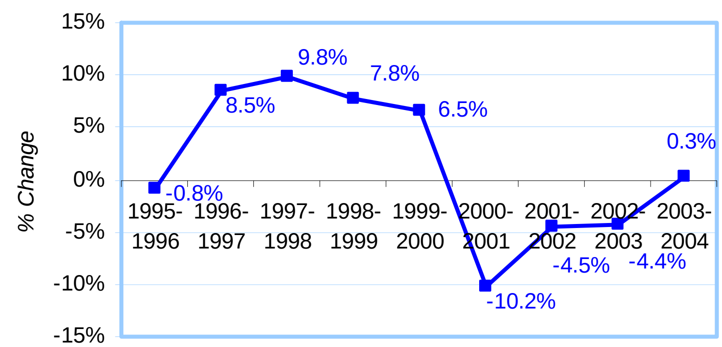
Trends in both sales tax revenues and B&O tax revenues suggest that Bellevue's economy improved during 2004, as noted in the Bellevue's Finance Department's most recent year-end monitoring statement.[12]

Sales Tax Trends

Sales tax is imposed on the selling price of goods and some services, such as construction, repairs, short term lodging, non-local telephone service, participatory recreational and physical fitness services, and landscape maintenance.[13] **The majority of sales tax is collected by businesses whose main industry is retailing. In 2004, 58 percent of the City of Bellevue's sales tax revenue was from sales made by businesses in retail trade.**

The chart to the right shows the annual percentage change in inflation-adjusted sales tax revenues received by the City of Bellevue from 1995 through 2004. **The chart shows that inflation-adjusted sales tax revenues in Bellevue increased each year as the economy grew between 1995 and 2000, and then fell steeply as the 2001 national recession took hold.** (Although Bellevue's sales tax revenues are made up mostly of tax dollars paid by retailers, and as such largely reflect trends in retail sales, revenues from construction contributed substantially to the peak of Bellevue's sales tax revenues in 2000.) While inflation-adjusted sales tax revenues are still substantially below their level in 2000, **the decline in Bellevue's sales tax revenue has halted. Bellevue's sales tax revenues in 2004 were 0.3 percent higher on an inflation-adjusted basis than in 2003.** Data from the Washington State Department of Revenue indicates that taxable retail sales swung somewhat more dramatically in Bellevue than in the county as a whole between 1995 and 2003, which corresponds with the observation Employment chapter that employment changes were also more dynamic in Bellevue than in the county during most of this period.[14]

Annual Growth or Decline in Inflation-Adjusted Sales Tax Revenue Bellevue 1999 to 2004

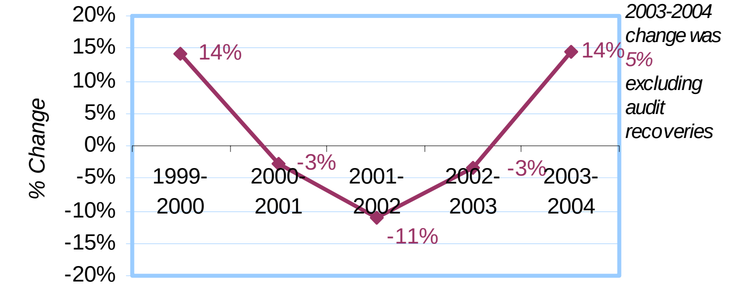


Adjusted for inflation to 2004 constant dollars based on Implicit Price Deflator for Personal Consumption Expenditures.
Source: City of Bellevue Finance Department

Business and Occupation Tax Trends

As noted in the Business Patterns section of this chapter, Bellevue administers a local Business and Occupation (B&O) tax.

The chart to the right shows the annual percentage change in inflation-adjusted B&O tax revenues received by the City of Bellevue from 1999 through 2004. **Like sales tax revenues, B&O tax revenues grew quickly in the late 1990s, peaked in 2000, and then declined for a period which was associated with the recession.**



Adjusted for inflation to 2004 constant dollars based on Implicit Price Deflator for Personal Consumption Expenditures.
Source: City of Bellevue Finance Department

B&O tax revenues experienced more robust growth between 2003 and 2004. Total B&O tax revenues received by the City of Bellevue in 2004 were 14 percent higher, after adjusting for inflation, than were those received in 2003. Much of this growth was due to increased audit recoveries. Nonetheless, **Bellevue's inflation-adjusted B&O tax receipts in 2004 were 5 percent higher than 2003 receipts after excluding the effect of audit recoveries**.

ENDNOTES

[1] "The Corporate Headquarters Challenge," Mark Sweeney, www.facilitycity.com

[2] "Symetra drops anchor in Bellevue," Clayton Park, *King County Journal*, February 14, 2005.

[3] "Spinoff to return Expedia to Bellevue-based business," Monica Soto Ouchi, *Seattle Times*, December 22, 2004

[4] "Rental ripple effect-Symetra's Bellevue move changes shape of office space market," Clayton Park, *King County Journal*, August 16, 2004 and "Crosstown Move for Web Retailer-Drugstore.com to Relocate HQ to Downtown Bellevue," Clayton Park, *King County Journal*, August 19, 2004.

[5] See "Employment, Income, and Output Multipliers by Industry" in *the 1997 Washington Input-Output Model*. This most recent update of the model, which was sponsored by the Washington State Office of Financial Management, can be accessed at http://www.ofm.wa.gov/economy/io/default.htm.

[6] Sources for these figures vary; but in most cases information was provided by the company either on their web site or directly to City of Bellevue staff.

[7] Specifically, the dataset referenced in this section is from the Quarterly Census of Employment and Wages that the Washington State Employment Security Department coordinates to collect information from businesses that have workers covered by unemployment insurance. The information summarized in this section was obtained from the Puget Sound Regional Council (PSRC), which maintains a database of covered employment and employers and geocodes this data.

[8] A few examples of activities that, when performed in Bellevue, constitute "engaging in business" in Bellevue—and which require a business license from the City of Bellevue's Tax Division even if the business is not located in Bellevue—include soliciting sales; soliciting, negotiating, or approving franchise agreements; engaging in collections; providing maintenance services; and contracting with the City of Bellevue.

[9] The number of businesses by B&O tax filing status is identified by the City of Bellevue Tax Division in December of each year during the process of sending out tax returns. The gross receipts income exemption level was $100,000 in 1999 to 2001, $120,000 for 2002 in 2003, and $125,000 in 2004.

[10] The United States Small Business Association provides a useful set of descriptions for all major forms of business ownership. See http://www.onlinewbc.gov/docs/finance/org_form.html#corp.

[11] "Freelancing in your future? Rise of independent workers highlights challenges facing today's US labor market," Stacy A. Teicher, *The Christian Science Monitor*, August 02, 2004 http://www.csmonitor.com/2004/0802/p14s03-wmgn.html; *Labor Market Problems in Massachusetts From the End of the Labor Market Boom in 2000 Through 2003*, Ishwar Khatiwada et. al., Center for Labor Market Studies, Northeastern University, Prepared for: Workforce Solutions Group, Boston, Massachusetts, May 2004.

[12] Key financial documents for the City of Bellevue produced by the Department of Finance, including the quarterly and year-end monitoring statements, are available at http://www.cityofbellevue.org/page.asp?view=2606.

[13] Sales tax is currently at a rate of 8.8 percent in Bellevue and most King County cities. The sales tax of 8.8 percent has both a local component and a state component, the latter of which is collected at a 1.0 percent rate. Revenue from the local component is split between the City of Bellevue and King County. The City of Bellevue receives 85 percent of the 1.0 percent rate, and King County receives the remaining 15 percent of 1.0 percent. The sales tax rate is slightly higher than 8.8 percent for food and beverages purchased in restaurants and bars.

[14] The Washington State Department of Revenue produces Quarterly Business Reviews compiling statistics on gross income, taxable retail sales and accrued tax liability as reported by Washington state taxpayers. http://dor.wa.gov/content/statistics/.

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Population and Labor Force Demographics

Introduction

Looking at demographic trends in the overall population and the labor force provides insights for understanding a variety of patterns in the economy. The focus of this chapter is on demographic dynamics that are most directly related to economic trends.

One of the most basic examples of how demographics affect the economy is that a growing local population generally helps fuel the local economy with consumer spending (assuming population is growing at a pace that can be accommodated by infrastructure and assuming steady or growing income levels). In the U.S. economy, the amount spent by consumers equals two-thirds or more of the total value of goods and services produced.

A sufficiently concentrated and growing local population creates growing markets and labor supplies that attract businesses to expand or locate in the community. The composition of the local population—in terms of household types, ages, ethnicities, etc.—shape the consumer markets created and influence the types of businesses attracted. Changes in the size and age profile of the population within a labor market area also affect the supply of workers available to local employers.

Residents' educational attainment and skills affect their employment and earnings potential. In today's knowledge-driven economy, educational attainment and professional and technical skills are increasingly important. Areas with highly educated and skilled workforces like Bellevue are more likely to attract the higher paying industries of the new economy.

In addition to the ways in which population and demographic dynamics shape the economy, the economy also influences how the population grows. For example, when the labor force outlook in an area is favorable relative to that elsewhere, more people move into the area—both from other locations domestically and from abroad. This causal pattern is one of the key components in state and regional population forecasting models.

The United States decennial census, which was last conducted by the Census Bureau in 2000, is the main data source for this chapter. Basic demographic information (information on population, age, race, and household characteristics) is from the "short form" questionnaire, which the Census Bureau sent to every household in the U.S. More detailed socio-economic information is from the "long form" questionnaire, which the bureau distributed to 1 out of every 6 households. More details on census findings pertaining to Bellevue's population can be found in Volume 1 and 2 of Bellevue's Census 2000 Report, *Citywide and Regional Trends* and *Neighborhood Patterns.*[1] While data from the most recent census is now almost five years old, the census remains the most comprehensive source of information for demographic characteristics at a city level.

This chapter begins by examining population trends. In addition to summarizing census data, the discussion on population includes more recent estimates from the Washington State Office of Financial Management. **Because population growth has such an important relationship to economic growth, population forecasts and targets are also discussed briefly in this chapter.**

After the section on population, this chapter covers other demographic information for Bellevue's population including household and age characteristics; race, ethnicity and place of birth; and educational attainment—all with an emphasis on the insights this information can provide into the local and regional economy.

The final section profiles the labor force, including employment status, labor force participation rates, occupations and industries of employment, earnings, types of employer organizations (or "class of worker" per Census Bureau terminology), and place of work.

Given that this chapter's focus is on demographics and given that the main data source is the decennial census, the analysis in this chapter is based on people's place of residence rather than place of work. *Thus, the information presented for Bellevue is for residents who live in Bellevue, not for people who work in Bellevue* (although Bellevue residents who also work within the city are included in the analysis). While Bellevue residents are the population of greatest interest, the analysis also looks at demographics in other key geographies both for comparative purposes and to provide context based on larger regional and—in some cases—national patterns. Information for residents of King County and the Puget Sound region is also of interest because employers in Bellevue look not only to the supply of workers living in Bellevue, but also to those living in the larger area labor market of which Bellevue is a part.

KEY FINDINGS AND IMPLICATIONS—Population & Labor Force Demographics

Population Growth

Bellevue's population was counted at 109,569 in the 2000 census, making Bellevue the second largest city in King County after Seattle. Bellevue's population grew by 26.1 percent between 1990 and 2000, half of which was due to annexations.

The last two decennial censuses show that the Eastside of King County grew more quickly than Seattle did in the 1990s. Bellevue's population also increased more quickly than Seattle's did, but less rapidly than the population in cities and towns on the eastern and southern fringes of King County.

In its official population estimates, the Washington State Office of Financial Management (OFM) estimates that Bellevue's population between 2000 and 2004 grew by 6,673 persons (including population added with annexations). This placed Bellevue's 2004 population at an estimated 116,500.

Between 2003 and 2004, Puget Sound region population growth rates, which had stalled during the recession, began to accelerate again as the economic recovery began. Forecasts by OFM project faster rates of growth in the 2005 to 2010 period than in the first half of the decade for both King County and the Puget Sound region as a whole. Between 2005 and 2010, OFM expects King County's population to grow by 4.2 percent or 74,000 persons. This reflects rebounding migration into the state due to improvements in the state's job market.

Increases in Bellevue's population related to annexation will be slowing in the near future because only a small fraction of the city's ultimate potential annexation area remains to be annexed. However, the Puget Sound Regional Council (PSRC) anticipates that population in the Bellevue area will increase more rapidly between 2010 and 2030 than between 2000 and 2010. The majority of the growth in population through 2030 is expected—and planned—to occur in Downtown, where the number of residents will increase rapidly. Overall, however, cumulate growth between 2000 and 2030 is anticipated to continue occurring at a slower pace in Bellevue than in the larger Eastside and region.

PSRC's most recent forecasts take into account housing and employment growth targets recently adopted by Bellevue and other jurisdictions within King County. Bellevue's growth targets for the planning period between 2001 and 2022 are 10,117 additional housing units and 40,000 additional jobs. Reaching these targets would mean that Bellevue's population will exceed 137,000 and the number of jobs in Bellevue will be more than 170,000 by 2022.

Demographic Characteristics

Households

In the year 2000 Bellevue's city limits contained 45,836 households--a figure that OFM estimates had increased to 49,119 as of 2004.

The most common categories of households in Bellevue in 2000 were married couples without children at home (which made up 31 percent of households) and one-person households (which made up 28 percent of households). The percentage of households with one or more children was slightly lower in Bellevue than in King County as a whole.

In Bellevue, as in the region and the nation generally, average household size continued to decline in the 1990s. A large part of this trend locally was due to one-person households increasing more quickly than households overall.

Age

The proportion of Bellevue's population that is comprised of seniors has increased, going from about 10 percent in 1990 to about 13 percent in the year 2000. By the year 2000 the percentage of the population made up of seniors in Bellevue had also eclipsed the corresponding percentages in the nation as well as in Washington state and King County.

In the year 2000, young working-age adults were a smaller part of the population in Bellevue than in King County as a whole. While about two-thirds of Bellevue residents were 19 to 64 years of age in 2000, Bellevue had a lower percentage of residents ages 19 to 44 than did King County as a whole, Seattle, and many other King County cities. Bellevue's relatively low supply of younger working-age residents contributes to the pattern in which Bellevue employers draw a large portion of their workers from areas surrounding Bellevue. Bellevue's age demographics also hint that labor force participation *rates* in Bellevue—which declined between 1990 and 2000—may also fall more quickly than in some other parts of the region as the pace of baby-boom retirements accelerates.

Diversity

The Puget Sound region is becoming increasingly diverse, a trend that is especially notable in Bellevue. In the 1990s, the number of residents in Bellevue who are Asian/Pacific Islander more than doubled and comprised over 17 percent of the city's population in the year 2000. Bellevue's Hispanic and Latino population also increased rapidly and in 2000 made up 5.3 percent of the city's population.

In 2000, Bellevue was significantly more diverse than the balance of the Eastside and somewhat more diverse than King County and the nation as a whole. In the 2000 census, almost 26 percent of Bellevue residents identified themselves as a race other than White (or White in combination with another race).

Bellevue's foreign-born population has also grown rapidly. The percentage of Bellevue residents born outside the country went from 13.3 percent in 1990 to 24.5 percent in 2000, a share that is much higher than in the overall King County's population. Over half of Bellevue's foreign-born residents were recent immigrants to the United States.

Minority and immigrant entrepreneurship is an important part of Bellevue's economy and is likely to continue to be so in the future—to even a greater degree than in many other parts of the region and nation. There will also continue to be strong market opportunities for retailers and other businesses in Bellevue serving ethnic and immigrant populations.

In the decades to come, the majority of new workers nationally and also likely in Bellevue will be minorities, immigrants and women. Ensuring that these groups benefit from the educational, training, and small-business resources the region has to offer will be critical in enabling these groups' full participation in future economic gains.

Educational Attainment

In a continuation of long-term regional and national trends, rates of college education grew within Bellevue as well as in King County between 1990 and 2000. The percentage of Bellevue residents 25 and older with at least a bachelor's degree rose from 46 percent in 1990 to 54 percent in 2000. While rates of college education increased throughout almost all of King County, the 2000 census showed that the share of adults with a bachelor's degree remained greater in Bellevue than in Seattle, the county as a whole, and the balance of the Eastside generally—which themselves all have high levels of educational attainment. The percentage of adults in Bellevue who had graduated from college was correspondingly much greater than in the nation as a whole.

In today's knowledge-based economy, education is increasingly important. Bellevue residents' high level of educational attainment is one key asset making workers from Bellevue especially valuable human resources in the regional economy. The supply of highly educated and skilled workers in the Seattle Metropolitan area generally also provides this area with an important competitive advantage relative to many other regions in attracting high-technology firms and other new economy businesses.

Labor Force Participation and Composition

Labor Force and Employment Status

Census responses indicate that in the year 2000 slightly over two-thirds (67.5 percent or 59,896 persons) of Bellevue's residents age 16 and older were in the labor force. As was the case nationally, in Bellevue females had a lower rate of labor force participation than did males.

Bellevue's labor force participation rate declined between 1990 and 2000 and in 2000 was lower than in many other jurisdictions in King County. This is likely due in part to the fact that the senior population rose more quickly in Bellevue and—at 13 percent of the population in Bellevue in 2000—made up a larger share of the population in Bellevue than in many other cities within the county.

In Bellevue, the percentage of the civilian labor force that was unemployed per the 2000 census was 4.1 percent. This was somewhat lower than the rate in King County as a whole, a finding which is likely due in large degree to Bellevue residents' high levels of educational attainment and new economy job skills.

Occupations and Industries of Employment

In 2000, over half (53.1 percent) of working residents in Bellevue were employed in management or professional jobs—a higher percentage than in King County as a whole. Bellevue also had a larger proportion of its working residents employed in computer and mathematical occupations. The proportion of Bellevue workers employed in knowledge-based industries was also higher than in the county as a whole.

Earnings

The prevalence of high education levels and the occupational and industry profiles of Bellevue workers are reflected in earnings that tend to be higher in Bellevue than in many other locations. Median earnings for full-time, year round workers living in Bellevue were about $47,000 in 1999—which is almost $7,000 more than in King County generally.

Class of Worker

Census 2000 information from Bellevue shows that slightly over three-quarters of civilian workers in the population were employed as private for-profit wage and salary workers. Workers living in Bellevue were somewhat more likely to be self employed and own their own corporation than were workers in the larger county and nation as a whole. About 11 percent of residents in Bellevue were self-employed—either in unincorporated businesses or incorporated business that they themselves own.

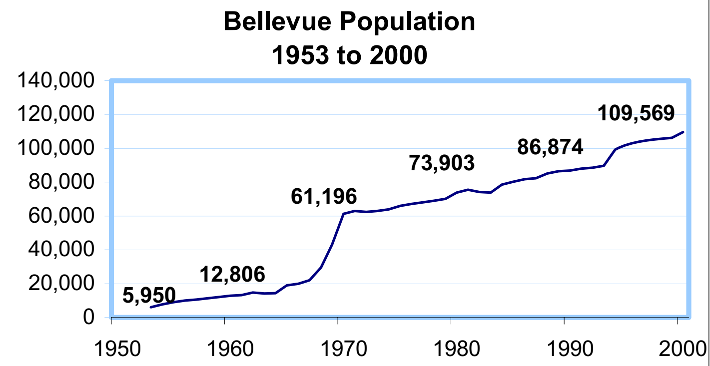
Place of Work

The 2000 census also revealed that about 39 percent of employed Bellevue residents worked within the city limits of Bellevue. The large majority of Bellevue residents who worked outside of Bellevue commuted to other locations within King County. This pattern is reflective of Bellevue's role in the region as a key employment center which draws large shares of workers from both within and outside of the city.

Bellevue's status as a significant importer of workers coupled with the fact that most working Bellevue *residents* are employed at work locations outside of Bellevue are two of many factors giving this community an important stake in the overall health of the region's economy and transportation system.

Population Growth

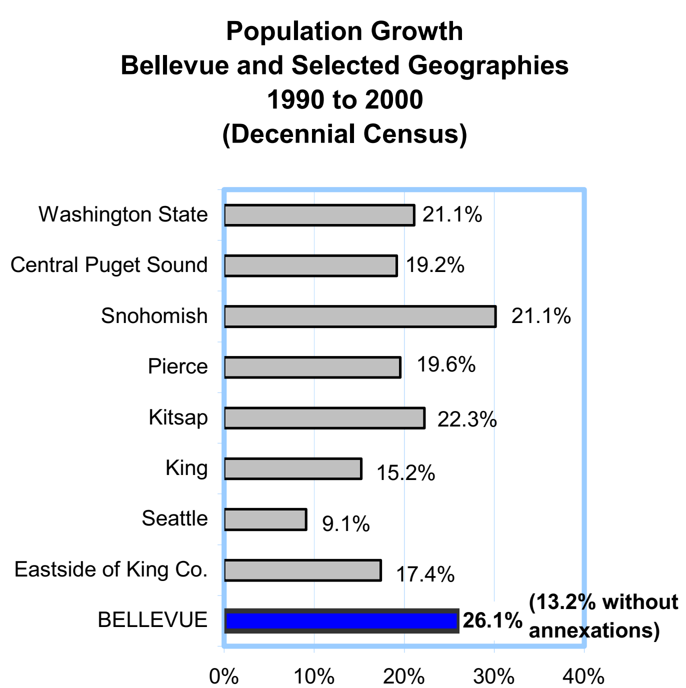
As noted in the introduction to this chapter, population growth and economic growth influence one another in myriad ways. Under many circumstances, population growth helps fuel local and regional economic growth by increasing aggregate levels of consumer demand. However, population growth—in particular growth from migration—is itself influenced strongly by the relative economic vitality of the region. In fact, how well Washington's economy is doing relative to other parts of the country is one of the main inputs into the econometric model that the State Office of Financial Management (OFM) uses to forecast population growth. Of course, economics are not the only reason people move to this area. Quality of life factors such as safety, excellent schools, recreational opportunities and natural beauty—all of which Bellevue has in ample supply—also attract both residents and employers.



Sources: U.S. decennial censuses; City of Bellevue Department of Planning and Community Development

Population Trends in Bellevue and the Region from 1990 to 2000

Between 1990 and 2000, Bellevue's population grew by 22,695 persons or by 26.1 percent (from 86,874 to 109,569 persons).



Bellevue's population placed it as the second most populous city in King County after Seattle, a rank retained today.

Annexations have provided an important component of Bellevue's population. Approximately half of Bellevue's population growth in the 1990s was from annexations while the other half was from in-migration and births. Annexation accounted for about half of Bellevue's overall population growth from the city's incorporation in 1953 until 2000. **Only a small fraction of the area within the city's ultimate potential annexation area remains to be annexed. Given this, the growth in the number of people residing within Bellevue's city limits will slow in the future.**

***Not counting population added by annexations*, Bellevue's population grew by 13.2 percent, which was higher than the rate of growth in Seattle, but somewhat lower than the overall rate of population growth in King County as a whole and *substantially* lower than the rates of growth for the central Puget Sound region as a whole.** However, contributions to the population of King County by the Eastside and by South King County have been growing over the last several decades.

In the 1990s, the population of the Eastside grew almost twice as fast as that of Seattle. Also, the Eastside added more residents than did Seattle. **By the year 2000 the Eastside's population was 95 percent as large as Seattle's.** In references to census data, "the Eastside" is the combination of two of the King County subdivisions defined by the Census Bureau: East Seattle Subdivision in combination with the Issaquah Plateau Subdivision. Other data sources, including the Puget Sound Regional Council small-area forecasts, described later in this chapter, define the Eastside of King County somewhat differently.

Population and Population Growth Rates
Bellevue and Selected Geographies
1990 to 2000
(Decennial Census)

	1990 Population	2000 Population	Change 1990-2000	% Change 1990-2000
King County	1,507,319	1,737,034	229,715	15.2%
Seattle	516,259	563,374	47,115	9.1%
Eastside	451,571	530,337	78,766	17.4%
BELLEVUE	**86,874**	**109,569**	**22,695**	**26.1% (13.2% w/out annexations)**

Downtown Bellevue was one of the most rapidly growing census tracts in all of King County. However, when whole cities and towns are considered as opposed to smaller census tracts, the most dramatic rates of growth in King County—other than those due to annexations—were commonly seen in the outer eastern and southern fringes of the county, in cities such as Duvall, Enumclaw, and North Bend.

2000 to 2004 Population Estimates for Bellevue and the Region

The table to the right shows the annual April population estimates by the OFM for Bellevue and other selected geographies for 2000 through 2004.[2] OFM develops these estimates for use in the allocation of selected state revenues. **Between 2000 and 2004, Bellevue's population is estimated by OFM to have grown by 6,673 persons or 6.1 percent.** This includes about 2,700 persons added to Bellevue with the West Lake Sammamish annexation and other smaller annexations. **By 2004, Bellevue's estimated population was 116,500.**

Annual Population Estimates
Bellevue and Selected Geographies
2000 and 2004

	2000	2004	Change 2000 to 2004	% Change 2000 to 2004
BELLEVUE	**109,827**	**116,500**	**6,673**	**6.1% (3.6% without annexations)**
King County	1,737,046	1,788,300	51,254	3.0%
Seattle	563,374	572,600	9,226	1.6%
Puget Sound Region	3,275,857	3,416,600	2,558	4.3%
Washington State	5,894,143	6,167,800	273,657	4.6%

Source: Washington State Office of Financial Management

Between 2000 and 2004, Bellevue's population growth in absolute numbers—including annexations—was the second largest in the four-county central Puget Sound region after Seattle's. Without annexations, Bellevue grew by 3.6 percent between 2000 and 2004, which is greater than Seattle's rate of growth and slightly higher than King County's rate of growth, but less than that in the region as a whole.

With regards to Washington state as a whole, the majority of growth between 2000 and 2004 remained concentrated in the western part of the state. The largest numbers of persons were added in King County and Pierce County.

While there was growth each year in the Puget Sound region during the 2000 to 2004 period, growth rates estimated by OFM had been declining up until the 2003-04 period due to weakening of the regional economy and labor market during that period.[3]

Between 2003 and 2004, growth in Washington's population started to accelerate again with an increase of 1.1 percent, reflecting the beginnings of a solid economic recovery. Population in the Puget Sound region increased by a somewhat slower 0.9 percent. **The rate of population growth that year in King County—and also locally in Bellevue—was positive, but significantly lower than that of the state and region, reflecting the delay with which the county economy picked up steam.** Per OFM, population increases typically follow employment gains by six to 12 months. **Within the one-year period between 2003 and 2004, King County's population rose by 0.5 percent while Bellevue's population increased by just 0.1 percent (or 100 persons).**

Population Forecasts and Targets

State and County Forecasts

In compliance with Washington's Growth Management Act (GMA), OFM periodically provides 20-year forecasts to counties for planning purposes. OFM's most recent county-level forecasts were developed in January of 2002, based on the 2001 statewide forecast.

OFM's county-level population forecasts (and the overall state forecast upon which county-level forecasts were based) expect faster rates of growth between 2005 and 2015 than between 2000 and 2005. This applies for all four counties in the central Puget Sound region, including King. Between 2005 and 2010, OFM's forecasts anticipate that King County's population will grow by 4.2 percent, compared to just 2.9 percent between 2000 and 2005. Population growth will then gradually slow until 2025, which is the end of the forecast period.

Between 1990 and 2000, net migration accounted for about two-thirds of the state's population increase. Net migration temporarily fell and contributed less than half of overall population growth in the years immediately following 2001, as labor markets weakened with disproportionately large impacts in this state related to the slow down in high-tech manufacturing and the decline in aerospace.

However, OFM's updated state population projections show net migration having picked up again starting in 2003 and then continuing to contribute the lion's share of population increase from 2005 through 2030. "Washington's economic upturn that started with improved employment figures in June 2003 is now outpacing the economic recovery in nearby states and the nation as a whole….[a] trend [that] should continue…. [T]he attraction of any area is primarily about job opportunities." –Washington State Office of Financial Management, "State population forecast shows migration increases," November 15, 2004.

Most of the state's population increase is projected to occur with the addition of residents in western counties, including King, Snohomish and Pierce, with existing population centers. The highest *rates* of growth are expected at the periphery of these existing population centers, and along major transportation routes.

The updated statewide forecast released in November of 2004 projects higher rates of growth in Washington in the near term 2005 to 2010 period than did the previous statewide forecast (which was published in 2001): 7.9 percent in the updated forecast, compared to 6.7 percent in the previously released forecast. **The updated projections reflect stronger increases in migration into the state based on improvements in the job market occurring more rapidly in Washington than in California and the nation generally.** Migration is the component of population growth that tends to vary the most, as it is largely fueled by job opportunities in Washington relative to other states, particularly California. (The sidebar on the previous page provides details on recent migration trends.)

King County and Bellevue Population Targets

Under GMA, fast growing counties, including King, must identify a population growth target within the low to high range of population forecasts developed by OFM. These targets ensure that the region has sufficient capacity to accommodate the 20-year population growth forecasts prepared by OFM. King County directs new jobs and housing to be concentrated within King County's Urban Growth Area boundary within which Bellevue lies. **Under King County's Countywide Planning Policies, jurisdictions within the county identify housing and job targets to accommodate county growth targets.** [4]

Based on the population forecast from the state, King County has established a target of 157,932 new households and 294,000 new jobs between 2001 and 2022.

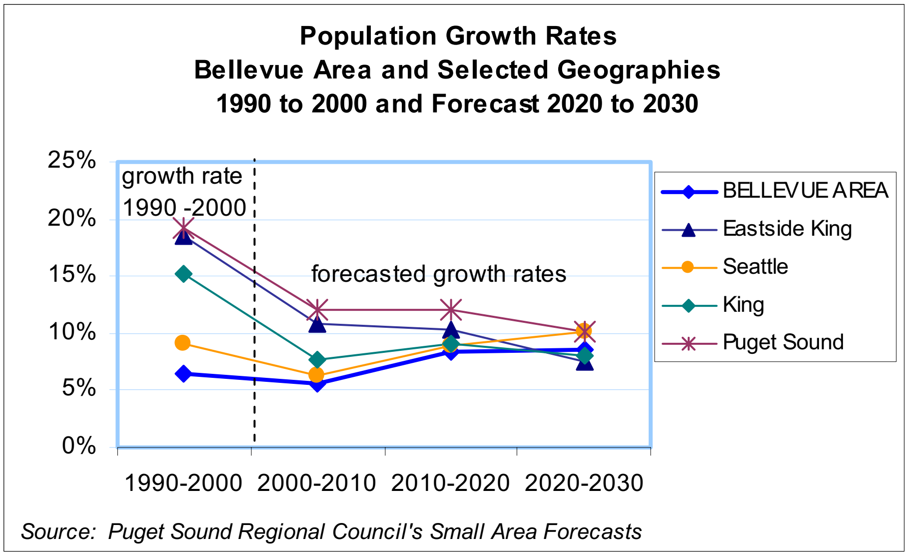
> Unlike forecasts, which are market driven, targets are policy driven. Bellevue's housing and employment targets reflect the city's commitment to have the infrastructure and zoning in place to meet these targets.

Bellevue's targets for the same (approximately 20-year) planning period, as stated in the city's Comprehensive Plan, are 10,117 additional housing units and 40,000 additional jobs.[5] **If the targets are reached, Bellevue's year 2022 population will then exceed 137,000 and the number of jobs located in Bellevue that year will be greater than 170,000.**

Sub-County Population Forecasts Produced by PSRC

Insight into how population growth through 2030 in the Bellevue area is likely to compare to population growth in the larger region is provided in the small-area projections produced by the Puget Sound Regional Council (PSRC). PSRC prepares small area forecasts of population, households and employment separately from OFM. The small area forecasts are developed primarily to support PSRC's transportation planning functions and are based on Forecast Analysis Zones (FAZs). FAZs remain geographically constant despite changing changes to city boundaries. In the PSRC forecasts, the Bellevue area is defined by a group of FAZs which together correspond fairly closely—but not entirely—with the area within the city limits of Bellevue.[6] PSRC's most recent forecasts take into account the housing and employment growth targets recently adopted by Bellevue and other jurisdictions within King County.

PSRC's figures reveal that population has been growing significantly more slowly in the Bellevue area than in the generally rapidly growing remainder of the Eastside King County area. The Bellevue area has also been growing more slowly than the Puget Sound region as a whole. **Over the span of forecast years between 2000 and 2030, the Bellevue area population is anticipated to grow by 24 percent, which is also below the growth rate in the larger region.**



However, PSRC projects that the Bellevue area will experience somewhat higher population growth rates in the last two decades of the 2000 to 2030 forecast period than in the first decade.

A majority of the population increase will come with the substantial number of new residents that are anticipated to move into Downtown Bellevue as this area matures and planned housing capacity is increasingly filled. Between 2000 and 2030, PSRC forecasts that 56 percent of the Bellevue area's population growth will occur in Downtown Bellevue, and City of Bellevue planners anticipate that the share contributed by Downtown in the next couple of decades will likely be even higher.

Per the City of Bellevue's *Downtown Subarea Plan*, as of the year 2004 there were 35,000 workers and over 4,000 residents housed in Downtown Bellevue. By the year 2020 the City of Bellevue expects that there will be an additional 28,000 jobs and 10,000 residents, or roughly three-quarters of the city's employment and residential growth between 2004 and 2020.[7]

Population and Population Growth Forecasts
Bellevue Area and Selected Geographies
2000 to 2030

	Population		Previous Decade's Growth Rate	Forecast Growth Rates by Decade			
	2000	2030	'90-'00	'00-'10	'10-'20	'20-'30	'00-'30
Four-County Puget Sound Region	3,275,809	4,535,087	19%	12%	12%	10%	38%
King	1,737,034	2,202,366	15%	8%	9%	8%	27%
Eastside King Co.	430,852	565,617	19%	11%	10%	8%	31%
BELLEVUE *AREA*	**104,033**	**129,315**	**6%**	**6%**	**8%**	**9%**	**24%**
Bellevue CBD	**2,588**	**15,439**	**119%**	**97%**	**91%**	**58%**	**497%**
Seattle	563,313	718,389	9%	6%	9%	10%	28%
Seattle CBD	21,611	45,875	87%	39%	27%	20%	112%

Source: Puget Sound Regional Council's Small Area Forecasts

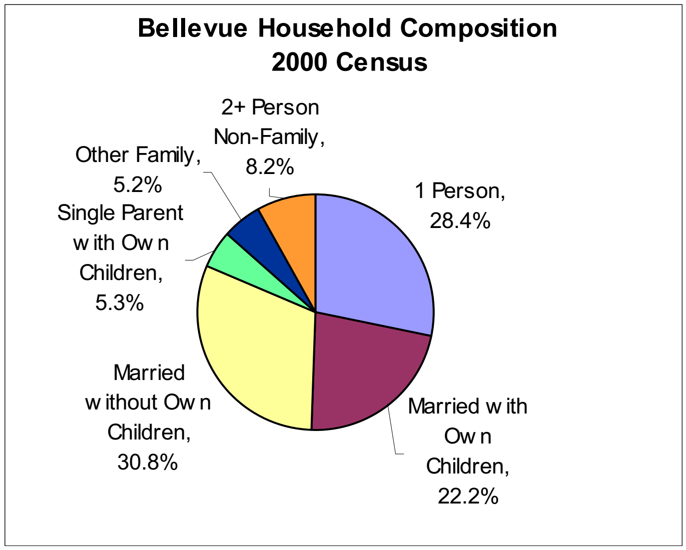
The preceding analysis suggests that while population increases in Bellevue *from annexations* will decline markedly in the next few decades, population growth in the underlying Bellevue area is likely to increase at somewhat higher rates in the next two decades.

The increased population growth is also likely to lead to an increased local customer base and enhanced business and employment prospects in retail and construction sectors serving residential populations. With the majority of the Bellevue area's growth occurring in Downtown Bellevue, synergies will be especially strong there.

Demographic Characteristics

Households

The Census Bureau defines a "household" as "all the people who occupy a housing unit as their usual place of residence." **In the year 2000 Bellevue contained 45,836 households**. **OFM estimates that the number of households in Bellevue had increased to 49,119 by 2004.**



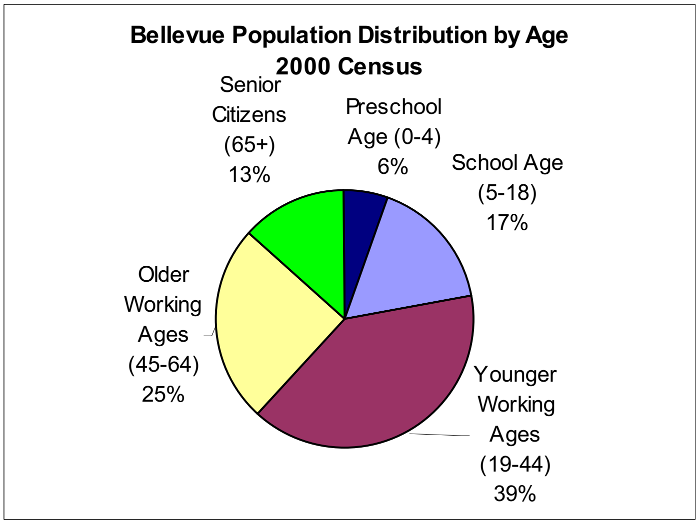
The most common categories of households in Bellevue in 2000 were married couples without children at home (which made up 31 percent of households) **and one-person households** (which made up 28 percent of households).

Bellevue had a substantially larger portion of its households composed of married couples without children than did King County as a whole. Correspondingly, the percentage of households with one or more children was slightly lower in Bellevue (28.9 percent) than in King County as a whole (30.4 percent). Within King County, Seattle and cities close to Seattle—including Bellevue—generally had a smaller proportion of households with children than did cities further to the east and south.

In the 1990s, average household size continued its trend downward nationally, in King County, and in Bellevue. Bellevue's average household size decreased from 2.41 in 1990 to 2.37 in 2000, as the number of single-person households increased more quickly than the number of households overall. **Bellevue's household size was lower than in the nation, state, Puget Sound region, and King County, but higher than in Seattle.**

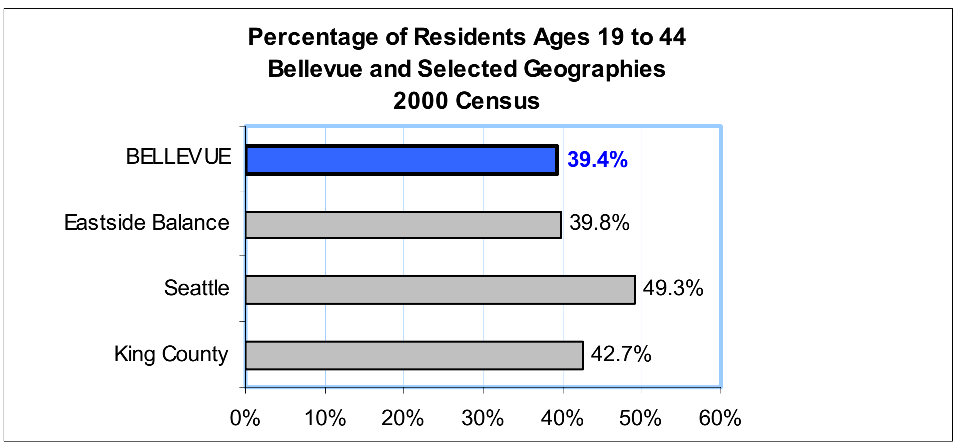
Age

In the year 2000, about 4 in 10 residents (39 percent) were age 19 to 44 years old and another quarter (25 percent) were 45 to 64. **These two cohorts of the "working-age" population together made up the majority (64 percent) of Bellevue residents.**



However, younger working-age adults make up a relatively small percentage of the population in Bellevue compared to King County as a whole and especially compared to Seattle. Bellevue's relatively low supply of younger workers contributes to the pattern in which Bellevue employers draw a large portion of their workers from areas surrounding Bellevue. **Possible reasons for Bellevue's relatively small proportions of young working-age residents include Bellevue's housing costs, which tend to be somewhat higher than in parts of Seattle, and significantly higher than in most neighborhoods within South King County. Lifestyle factors may also contribute** to some younger working-age professionals choosing urban neighborhoods in Seattle rather than neighborhoods in Bellevue. In Several Seattle neighborhoods, housing and a mix of urban amenities have propelled growth. Professionals and others in this demographic have been attracted to Seattle's urban neighborhoods, most notably in Belltown, Fremont, Queen Anne and Capitol Hill. In addition, the presence of the University of Washington also attracts a large number of college-aged adults to live in Seattle.

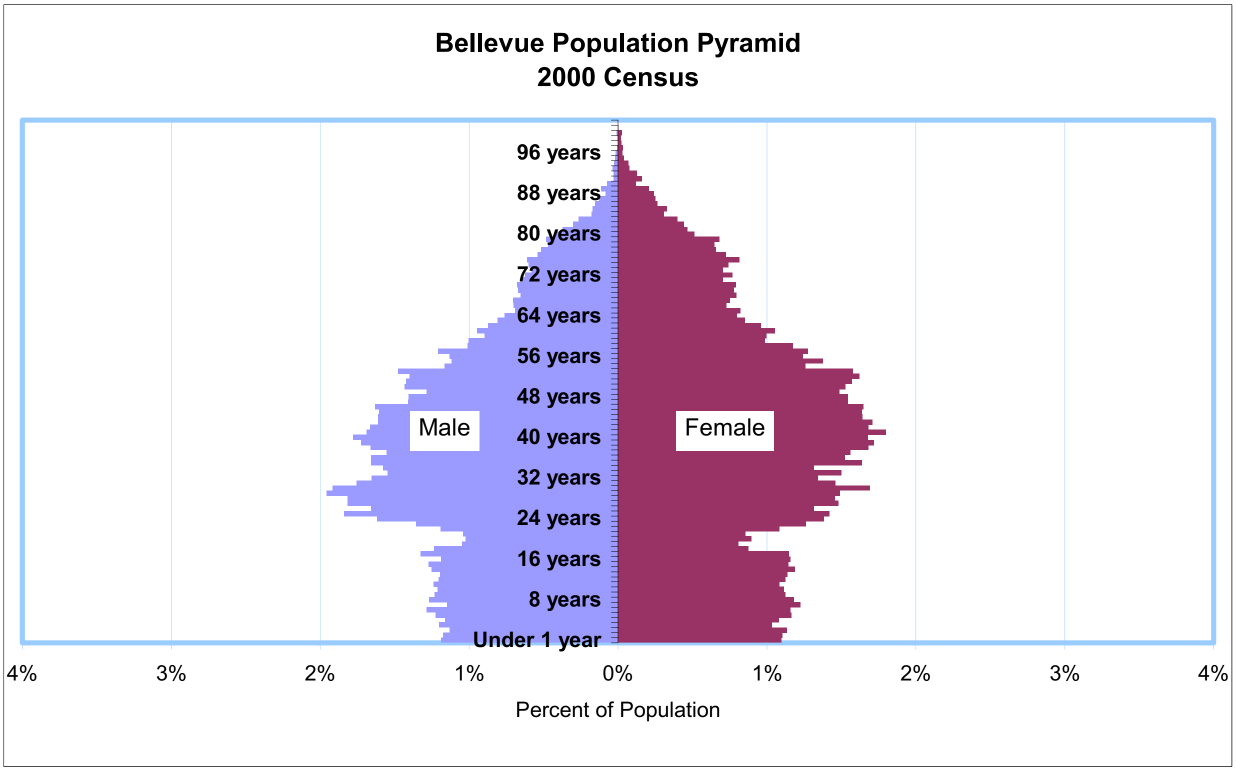
Children made up a higher percentage of the population in Bellevue than in Seattle, but a lower share than in the remainder of King County's Eastside.



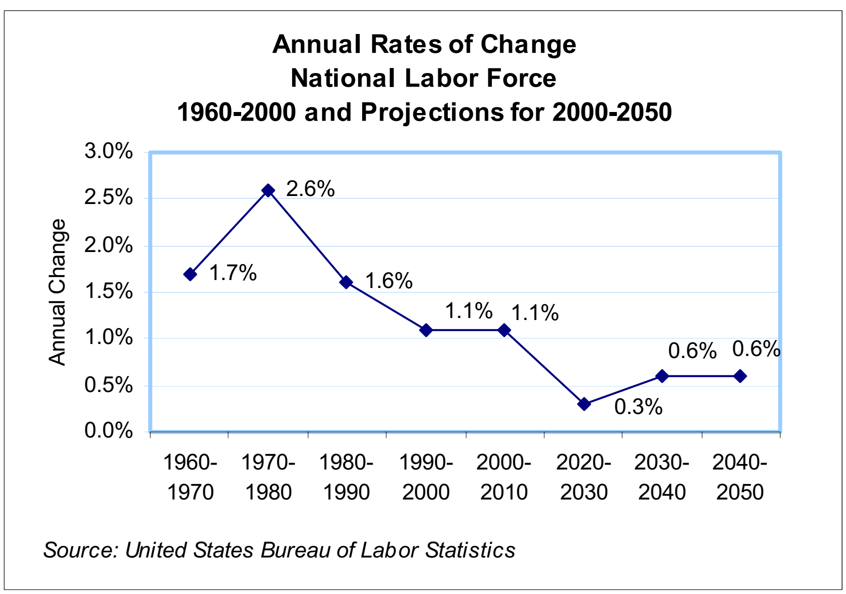
Seniors ages 65 and older made up about 13.4 percent of residents in Bellevue in 2000, up from 10.4 percent in 1990. By 2000, Bellevue had a higher percentage of the population made up of seniors than did the nation, state, county, and many other cities in King County. The increasing proportion of Bellevue's population in older age groups pushed the median age of the city's population from 35.4 in 1990 to 38.2 in 2000.

As the baby boom generation continues to age in the next few decades, Bellevue along with the rest of the nation will see continuing increases in the share of the population made up of seniors. (As of 2005 the youngest of the baby boom generation are reaching their 41st birthdays and the oldest are reaching their 59th.)

As Berk & Associates points out, young adults constitute a considerable share of the workforce with skills sought by technology companies. They point out that fostering development of neighborhoods that are attractive to younger adults can assist with workforce development and can complement the city's strengths in Information Technology, as Bellevue technology companies compete with Seattle, Redmond and other cities for talented and skilled labor.



National projections from the United States Bureau of Labor Statistics indicate that **as members of the baby boom generation retire in greater numbers, the rate at which the labor force is growing will slow markedly.** (This is actually a trend that has already been occurring in the last two decades, as men have increasingly retired at earlier ages.) **Current age demographics in Bellevue suggests that growth in the working-age population in Bellevue may possibly slow even more quickly than in the nation as a whole.**



According to the Bureau of Labor Statistics, **potential labor force shortages are, however, likely to be at least partially blunted by a newly emerging trend in which seniors are postponing their retirement or coming back to work part time.** [8] Given that Bellevue's share of residents in and approaching their senior years is somewhat higher than the nation's, this may be a more important trend locally than nationally.

Continued gains in productivity will also likely help meet labor market challenges associated with the retiring baby boomers. **The largest gaps left by the aging boomers are anticipated between 2020 and 2030. Census Bureau forecasts project that immigration into the United States will increase in response to the sharp drop in the availability of potential workers during this decade**.[9] To help obtain sufficient numbers of workers, businesses will also likely institute new or enhanced programs to attract workers, including older workers, previous immigrants, and workers living in other home countries. **Employers' other likely responses to tight domestic labor force supplies include hiring temporary workers and outsourcing jobs overseas. These trends are likely to apply to employers located in the Puget Sound region in addition to those in the nation as a whole.**

To be as competitive as possible in the face of potentially large shifts of labor to off-shore markets, the Bureau of Labor Statistics stresses that both native and foreign born workers are well-advised to upgrade their skills and education.

In additional to labor supply challenges, the aging of the population is also expected to bring surging levels of demand affecting industries, occupations, and markets serving older populations. The aging of the baby boom, along with the increased longevity of the population and the introduction of new medical technologies, is already contributing to an increase in demand for health care services.[10]

In addition to the challenges associated with the aging of the baby boom generation, there are also challenges associated with meeting the higher education demand of the *children* of the baby boom generation. These so-called "echo boomers" (whose births peaked in 1990) have already begun to reach college age in greater numbers. Per the Western Interstate Commission for Higher Education, numbers of public high school graduates in Washington have been increasing virtually every year since 1996 and will continue to do so until cresting in 2009.[11]

With funding for higher education limited, both two- and four-year colleges, including Bellevue Community College (BCC) and the University of Washington (UW), are experiencing challenges in meeting increased demand. After the UW announced in 2003 that it could no longer guarantee space for all qualified community college transfer students, BCC officials began looking more closely at the potential for BCC to add bachelor's degree programs in some high-demand fields.[12] Currently Eastern Washington University offers two bachelor's degrees at BCC (one in computer network service, maintenance and support and another in interdisciplinary studies). **BCC and Eastern Washington University signed an agreement early in the spring of 2005 to formally create the "Eastern Washington University @ Bellevue,"** a center on the BCC campus that will offer more upper division courses leading to a bachelor's degree. (Among the first new degree programs will be one in business administration and another in early childhood education.)[13]

Race, Ethnicity, and Place of Birth

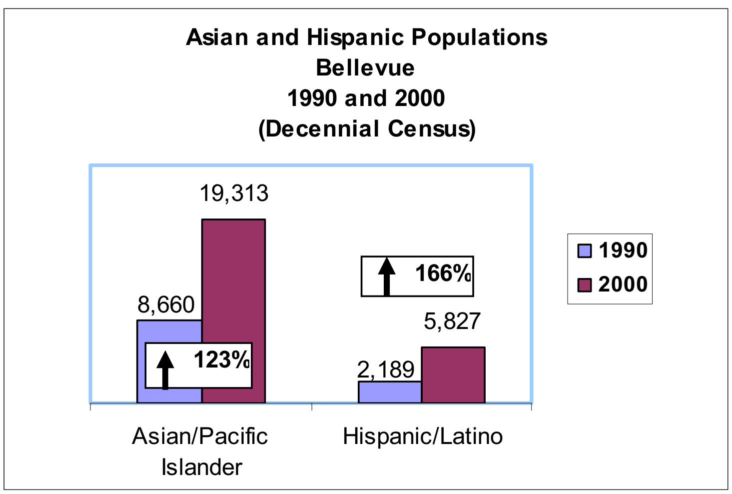
Racial and ethnic diversity—which has been growing regionally and nationally—has been increasing at even greater rates in Bellevue. In the 2000 census, almost 26 percent of Bellevue residents identified themselves as a race other than White (or White in combination with another race or races).

In 2000, Asians represented 17.6 percent and Hispanics made up 5.3 percent of the city's residents. Both of these populations in Bellevue grew quickly in the 1990s, more than doubling between 1990 and 2000.[14]

Racial and Ethnic Characteristics
Bellevue
2000 and Change from 1990 to 2000
(Decennial Census)

Characteristic	2000		Change 1990-2000	
	Number	Percent of Population	Number	Percentage Change
RACE				
Total Population	109,569	100%	22,695	26.1%
One Race	106,078	96.8%	19,204	22.1%
White	81,441	74.3%	6,291	8.4%
Black or African American	2,183	2.0%	244	12.6%
Asian/Pacific Islander	19,313	17.6%	10,653	123.0%
American Indian/Alaskan	356	0.3%	-23	-7.1%
Some other race	2,785	2.5%	2,025	166.4%
Two or More races*	3,491	3.2%	N/A	N/A
ETHNICITY				
Hispanic or Latino**	5,827	5.3	3,638	166.2%

**This option was new as of the 2000 census.*
***Any race.*



As is the case nationally and regionally, Bellevue's younger residents (pre-school and school age populations) are more likely to be racially and ethnically diverse than the city's population as a whole. In the 2003-2004 school year, almost four in ten (39.8 percent) of Bellevue School District students were minorities or of Hispanic ethnicity. **The greater diversity among the younger generation is an indication that the city's racial and ethnic diversity is likely to increase in the future.**

As shown in the table on the next page, **Bellevue is more racially diverse than the Eastside and county as a whole, and other large cities on the Eastside.** Asians represent the largest non-White racial group in King County and in the Eastside as well as in Bellevue—yet Asians are a higher percentage of Bellevue's population than they are of these larger geographies' populations.

Race and Ethnicity Bellevue and Selected Geographies 2000 Census					
	Percent of Population				
	United States	King County	BELLEVUE	Eastside Balance*	Redmond
White	75.1	75.7	**74.3**	80.6	79.3
African American or Black	12.3	5.4	**2.0**	2.4	1.5
Asian or Pacific Islander	3.7	11.3	**17.6**	9.2	13.2
2 or more races	2.4	4.1	**3.3**	3.2	3.1
Hispanic or Latino	12.5	5.5	**5.3**	4.3	5.6

**Eastside Balance means the Eastside without Bellevue.*

While the rate of growth in the country's overall labor force is declining, the percentage of the national labor force made up of women, minorities, and immigrants is increasing. According to the National Bureau of Labor Statistics, the share of the national labor force that is made up of White, non-Hispanic persons has been declining and will continue to do so, falling from 71.3 percent in 2002 to 65.5 percent in 2012.[15]

These diversifying trends are expected to continue into the middle of the decade: by 2050 non-Hispanic Whites are expected to represent only 53.4 percent of labor force.[16] **Similar overall trends of continuing diversification are likely to occur in Bellevue**. (Per the 2000 census, non-Hispanic Whites comprised about 73 percent of the labor force in Bellevue, about the same percentage in the nation as a whole.)

Potential additional gains in labor productivity that will drive economic growth in the future will depend on all groups of labor force entrants being well-prepared.[17] Applying these insights to Bellevue and the Puget Sound region with our own rapid growth in diversity indicates that **it will be very important to ensure that minorities, women and immigrants receive the full benefit of educational and workforce training resources that Bellevue and the balance of the region have to offer.**

Place of Birth

While Bellevue's population as a whole grew by 26 percent between 1990 and 2000, the city's foreign-born population grew by 132 percent as shown in the table below. **This has increased the percentage of Bellevue residents who are foreign born from 13.3 percent of all residents in 1990 to 24.5 percent of all residents in 2000. A bit over half (55 percent) of foreign-born residents living in Bellevue in 2000 were recent immigrants to the United States**, having entered the country between 1990 and 2000. As indicated on the table on the next page, census figures also show that Bellevue's neighbor Redmond also has a substantial proportion of their population who entered the country recently.

Growth in Total and Foreign-Born Population in Bellevue 1990 and 2000 (Decennial Census)				
Characteristic	1990	2000	Total Change 1990-2000	Percent Change 1990-2000
Total Population	86,874	109,569	22,695	26%
Foreign-born population	11,548	26,782	15,234	132%

As of the year 2000, Bellevue had one of the highest shares of residents who were foreign born, as well as one of the highest shares of the population made up of recent immigrants, of cities in King County. Most foreign-born residents in Bellevue were born in Asia. This is also true for King County and for the Puget Sound region as a whole, as well as for most cities in the region.

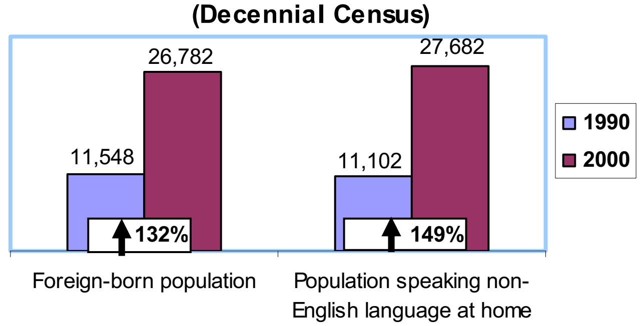
Foreign-Born Population and Recent Immigrants
Bellevue and Selected Geographies
2000 Census

Characteristic	United States	King County	Seattle	BELLEVUE	Eastside Balance*	Redmond
Percentage of Population that is Foreign Born	11.0%	15.4%	16.9%	**24.5%**	13.7%	20.6%
Percent of Population that Entered U.S. Between 1990 and 2000	4.7%	7.6%	7.8%	**13.1%**	6.4%	13.2%

**Eastside Balance is the Eastside without Bellevue.*

While information on the share of the labor force made up of immigrants are not readily available at the city level, labor market analysts have studied this at a national and regional level. According to labor market analysts at Northeastern University, **the *net growth* of the labor force in the nation's Pacific Division (California, Oregon and Washington combined) between 1990 and 2000 was *entirely* dependent on new waves of foreign immigration** (i.e., there would have been no net growth in the labor force in the absence of these immigrants).[18] It would not be surprising if this was also the case in Bellevue, given that the 2000 census indicated that the percentage share of the overall population made up of recently arrived immigrants was higher in Bellevue (13.1 percent) than in the Pacific Region as a whole (8.4 percent).

Foreign-Born and Speakers of Non-English Languages Bellevue 1990 to 2000 (Decennial Census)



Another indicator of diversity is the share of residents who speak a language at home other than English. In 2000, 26.9 percent of Bellevue residents five years of age and older spoke a language at home other than English. Between 1990 and 2000, the number of residents who speak another language rose much more rapidly in Bellevue than in the United States, King County as a whole, and other jurisdictions in the Puget Sound region.

In fall 2003, students in the Bellevue School District spoke 65 "first" languages besides English. According to the school district, the most common first languages besides English were Spanish, Korean, Chinese-Cantonese and Chinese-Mandarin.

As noted in this profile's chapter on Major Employers and Business Patterns, small business creation and growth has been a driving force in the increased prosperity of the region and nation. Entrepreneurship within the nation's growing minority and immigrant populations has been an important fuel in the U.S. economy and an important source of earnings for some immigrant groups. According to an analysis of 2000 census data by *Asian-Nation*, while the foreign-born population as a whole does not have higher rates of entrepreneurship, foreign-*raised* persons (those who immigrated to the U.S. at age 13 or older) in each major racial group (Whites, African Americans, Hispanics, Native Americans, and Asians) *are* more likely to be self-employed than are their non-immigrant counterparts.[19] Those exceeding the 12.6 rate of self-employment for U.S.-raised Whites, include foreign-raised Whites, and several Asian groups, including Japanese, Korean, and Taiwanese. Also, a joint study by the Milken Institute found that the number of ethnic-owned firms nationally grew at twice the rate of all firms during the 1990s.[20]

In addition to being among the ranks of this area's entrepreneurs, immigrants in Bellevue, as in other cities in the United States, occupy a variety of parts of the labor force spectrum from low-paying service positions to better-paying positions for which high levels of education and skill are required. **Although detailed data is not readily available specifically for Bellevue, several factors suggest that a greater proportion of immigrants in Bellevue than in the nation have moderate- to high-wage jobs.** Within Bellevue, and other cities in this area with a large cadre of high-technology workers, there are likely larger shares of immigrants who have come to the United States on H1-B visas. (The H1-B visa program allows immigrants to fill highly-skilled positions that firms have been unable to fill from the American workforce.) Asian Indians, one of the groups most commonly recruited through the H1-B visa program, live in Bellevue in greater concentrations (2.6 percent of Bellevue's population) than in King County and the nation as a whole. Bellevue's 9.6 percent poverty rate among foreign-born residents, while higher than the 5.7 percent rate for native-born persons, is significantly lower than the 17.9 percent poverty rate for the foreign-born population of the United States as a whole.

"Sustained growth in the economy is only possible with participation from all groups in the population."
—Milken Institute, *Creating Capital, Jobs and Wealth in Emerging Domestic Markets.*

As previously noted, in Bellevue overall racial diversity is slightly higher than in the nation. Also, the percentage of the Bellevue population who are foreign born is over *twice* as high as nationally and has also been increasing more rapidly. Census data indicates that Bellevue has larger portions of the population who are foreign born Whites, and Asians—likely including those in groups with higher rates of self-employment. **Thus the contribution that immigrant populations are making to both entrepreneurial and other portions of the labor force is likely even more of a factor in Bellevue than in the nation as a whole.**

Minority and immigrant entrepreneurs have helped catalyze the growth of Bellevue's economy in a wide variety of sectors. For example, they are leaders in many of Bellevue's prominent information technology and business service firms, founders of successful local restaurant and beauty chains, and owners of international grocery stores. Also attesting to the presence of minority and immigrant entrepreneurs in Bellevue is the strong level of demand business owners in these groups have shown for services of the Small Business Development Center at Bellevue Community College and the Bellevue Entrepreneur Center, a 501(c)(3) seeded by the City of Bellevue. Clients of the Bellevue Entrepreneur Center have included immigrants from Russia facilitating connections between the Russian-speaking population and American businesses, an Asian-language service investigating the feasibility of starting a preschool, and a Persian-born lawyer seeking to more effectively market her small business.

Several ethnic and immigrant groups—including Eastern European and Asian groups, reside in Bellevue and in surrounding cities in significant concentrations. The critical mass of these residents, along with growing interest among consumers generally in international merchandise, is creating a multitude of market opportunities for retail and other businesses serving these populations. Examples in the retail arena include the international food court in Crossroads; Uwajimaya's Bellevue; and Pal Do World Oriental Grocery, which recently moved into the former QFC space at the Lake Hills Shopping center. The *King County Journal* also recently reported that the developer of the 50,000 square foot India Gate Commerce Center, which is to be built in Kent in 2005, is seeking to build an international mall in Bellevue that is four times the size of India Gate.[21]

Educational Attainment

The **percentage of the adult population with a bachelor's degree or above has been increasing in Bellevue, in King County, and in the U.S. as a whole.** In Bellevue the percentage of adults age 25 and older who had earned a bachelor's degree or above went from 45 percent in 1990 to 54 percent in 2000.

As shown in the table below, Bellevue and Eastside residents generally are more highly educated than are residents of King County as a whole, who in turn have higher levels of educational attainment than do residents nationally. Bellevue's 54 percent proportion of adults with a bachelor's degree is significantly higher than the 40 percent figure countywide and over twice as high as the 25 percent figure in the nation. Bellevue also has a higher percentage of adults who have attained a graduate degree: about 19 percent in Bellevue compared to 13 percent in King County and about 9 percent in the nation as a whole.

Level of Educational Attainment*
Bellevue and Selected Geographies
2000 Census

	United States	King County	Seattle	BELLEVUE	Eastside Balance**	Redmond
Not a high school graduate	19.6%	9.7%	10.5%	**5.7%**	5.9%	5.5%
High school graduate (including equivalency)	28.6%	19.2%	15.3%	**12.7%**	16.5%	11.5%
Some college, no degree	21.0%	23.6%	20.6%	**20.6%**	23.5%	22.4%
Associate degree	6.3%	7.5%	6.4%	**6.9%**	7.8%	7.7%
Bachelor's degree	15.5%	26.7%	29.9%	**34.7%**	31.5%	35.9%
Graduate or professional degree	8.9%	13.3%	17.3%	**19.4%**	14.8%	17.0%
Bachelor's degree or higher	**24.4%**	**40.0%**	**47.2%**	**54.1%**	**46.3%**	**52.9%**

**Population 25 years of age and older.*
***Eastside Balance is the Eastside without Bellevue.*

In today's economy, information and knowledge are increasingly important economic resources. Industry sectors and occupations seeing some of the most rapid growth are those based on using, enhancing, and supplying information, with growth fueled by technical and creative innovation. **The share of jobs requiring college or vocational training is projected to continue to grow nationally.**

A large majority of the highest paying jobs, including those projected to have high growth rates in the near future, require post-secondary training. Almost 90 percent of the jobs in the highest paying tier of rapidly growing occupations nationally have at least an associate's degree as the most significant source of training.[22] **Studies have indicated that high education levels tend to boost per capita incomes in an area and are linked to entrepreneurial activity.**[23]

Many of these patterns are especially evident in this region. **The Seattle Metropolitan area, which includes Bellevue, ranked 3rd out of the 50 largest metropolitan areas nationally in the "New Economy Index."** [24] This index measures the degree to which metropolitan areas have progressed along the path to the new economy.

The 2000 census data for Bellevue shows that Bellevue would score even higher than the Seattle Metropolitan Area as a whole on the knowledge-related indicators that contributed to the new economy index ranking. That is, Bellevue has a greater percentage of workers than does the metropolitan area generally in management, professional, and technical occupations (which are discussed in the next section of this chapter) as well as higher levels of educational attainment. **This enables workers from Bellevue to capitalize on new economy trends and makes them especially valuable human resources in the regional economy.** High skill and education levels also enable Bellevue residents to contribute entrepreneurial creativity to the region. As discussed later in this chapter, workers living in Bellevue are somewhat more likely to be self employed and own their own corporation than are workers in the larger county and nation as a whole.

High education levels are one of the key factors attracting high-tech firms. **The high ranking of the Seattle metropolitan area on the "knowledge workers" indicators associated with the New Economy Index (6th out of the 50 largest metropolitan areas) also means firms in this region have access to highly skilled workers and entrepreneurs.**

Analysts have observed that **many workers today need to continually update their skills** within an economy in which job changes and the need to master the use of new technologies (even within current jobs) are increasingly common occurrences. **According to the Ford Foundation, the restructuring of businesses associated with global competitive pressures and new infusions of technology is leading to a transformation in which "skill-based economic security" is supplanting "job-based security."**[25]

A variety of high quality educational institutions are located in and around Bellevue. The excellence and breadth of these institutions—the largest of which include the Bellevue School District, the University of Washington, and Bellevue Community College—help the Bellevue population attain some of the highest levels of educational and occupational achievement of populations in the region. See text box for profiles of these three public institutions.

MAJOR PUBLIC EDUCATIONAL RESOURCES IN BELLEVUE

The 2000 census indicated that about 88 percent of Bellevue students from primary through high school grades were enrolled in a public school—about the share as in King County as a whole, but nine percentage points higher than the share in Seattle. According to the *Seattle Times School Guide*, **the Bellevue School District**, which serves the majority of K-12 students in Bellevue, has long been thought of as one the best school districts in the state. In 2004, 90 percent of seniors graduating from BSD indicated that they intended to enroll in a two- or four-year college, and average scores earned by BSD students on the Scholastic Aptitude Test (SAT) were above the national averages for both verbal and math scores. Five high schools in BSD were included in *Newsweek* magazine's Spring 2003 cover story on the best 100 high schools in the nation (based on the number of Advanced Placement and International Baccalaureate tests taken), and three—Bellevue, International, and Newport—were among the top 20 nationally.

The University of Washington (UW), including both the main Seattle campus and the smaller Bothell Branch, are easily accessible distances from Bellevue. The UW has an enrollment of about 43,000 students, about 70 percent of whom are undergraduates and 30 percent of whom are graduate students. High school graduates from the Bellevue School District more commonly go onto enroll at the UW than any other university or college. In addition to being a major provider of higher education for students from Bellevue, the UW also provides a great deal of the scientific and technological knowledge that help to make the Puget Sound a leader in new economy ventures.

Community colleges in Washington are open to all who wish to enroll and have lower tuition than four-year colleges, providing an important path of entry into higher education and workforce training for new immigrants, displaced workers, and older students. **Bellevue Community College** (BCC), which is a two-year college, had 19,000 students enrolled in the fall of 2004. BCC's enrollment makes it the third largest institution of higher learning in the state after the UW and Washington State University. As the largest community college in the state, BCC sends more transfer students to four-year universities than any other community college. After the UW, BCC is the second most common college destination for students who have graduated from the Bellevue School District. Through the "Running Start" program offered at BCC and other state community colleges, students may earn up to two years of tuition-free college credit while finishing high school. BCC also provides career-related training in a variety of professional and technical areas including computer and technology, health, and business. In 2005, BCC and Eastern Washington University (EWU) announced that they would be expanding and formalizing their joint program in which students can attend the first two years of college as BCC students and then fulfill their bachelor's degree by taking upper division coursed offered by EWU on the BCC campus.

BCC is also home to the National Workforce Center for Emerging Technologies and a **National Center for the Biotechnology Workforce**, the missions of which include developing innovative programs to better prepare students for well-paying jobs in these new economy fields.

Labor Force Participation and Composition

The U.S. decennial census has collected information related to residents' labor force participation and employment status. Like other census data on economic characteristics, the information on the labor force comes from responses to the long form questionnaire. The census long form also asked for information on working residents' occupation and industries of employment, earnings, employer entity type, and place of work. The unit of analysis is based on place of residence rather than place of work. Thus, the information presented for Bellevue is for residents who live in Bellevue, not for people who work in Bellevue (although Bellevue residents who also work within Bellevue are included).

The Census Bureau defines the labor force as all persons 16 years of age and older who are either in the civilian labor force (both those "employed" and those "unemployed" but looking for work) or in the U.S. Armed Forces.[26] The decennial census has also provided limited data regarding place of work for employed residents.

The following table based on information from the 2000 census shows the labor force status for the population of Bellevue along with that of other selected geographies. As indicated, **slightly over two-thirds (67.5 percent or 59,896 persons) of Bellevue's population age 16 or over was in the labor force. This is a bit lower than in King County as a whole, but somewhat higher than in the nation.** (As indicate above, persons in the labor force are those working or unemployed and looking for work). In both Bellevue and the county as a whole, only very small percentages were employed in the armed forces.[27] Labor force participation is discussed in more detail below and in the following subsection of this chapter.

Percent of Population* by Labor Force Status
Bellevue and Selected Geographies
2000 Census

	United States	King County	BELLEVUE	Redmond	Seattle
In labor force	63.9%	70.1%	**67.5%**	74.0%	70.1%
Civilian labor force	63.4%	70.0%	**67.5%**	74.0%	69.8%
Armed forces	0.5%	0.1%	**0.0%**	0.0%	0.2%
Not in labor force	36.1%	29.9%	**32.5%**	26.0%	29.9%

**Population 16 years old and over.*

In Bellevue, the 2000 census found that the percentage of the civilian labor force that was unemployed was 4.1 percent, which was somewhat lower than the rate of unemployment found in King County as a whole, and significantly lower than the rate in the nation generally. Unemployment rates in the census do not necessarily correspond with those reported by state agencies. Recent trends in employment and unemployment rates are examined in more detail in the Employment chapter. Bellevue's low unemployment rate was likely due in large degree to the generally high levels of education and management, professional and technical skills attained by Bellevue's population.

Labor Force Participation

The percentage of Bellevue residents age 16 and over in the labor force declined between 1990 and 2000; also in 2000 the labor force participation rate in Bellevue was lower than that in many other jurisdictions in King County. The relatively low labor force participation rate in Bellevue is likely due partly to the fact that the proportion of residents who are seniors is higher in Bellevue. As previously noted, the share of seniors in the population has also been rising more quickly in Bellevue than in many other jurisdictions in the region.

National increases in labor force participation by women over the past thirty years have played a key role in helping bring women closer to economic parity with men and have changed the way many families live. **However, as of the year 2000 patterns of labor force participation still varied markedly between men and women.**

Labor Force Participation of Bellevue Residents Age 16 and Over 1990 and 2000 (Decennial Census)

Subject	1990		2000	
	Total	Percent	Total	Percent
Population age 16+	70,757	100.0%	88,716	100.0%
In the labor force	51,478	72.8%	59,896	67.5%
Males age 16+	34,178	100.0%	43,559	100.0%
In the labor force	28,028	82.0%	33,370	76.6%
Females age 16+	36,579	100.0%	45,157	100.0%
In the labor force	23,450	64.1%	26,526	58.7%

Overall 67.5 percent of Bellevue residents age 16 and over were in the labor force in 2000. **As was the case nationally, in Bellevue females had a lower rate of participation than men did: 58.7 percent for females compared to 76.6 percent for males.**

In Bellevue, labor force participation rates for both males and females were lower in 2000 than in 1990. The trend in Bellevue contrasts partially with the trend nationally, where only male labor force participation rates declined (largely related to early retirements). However, while Bellevue's female labor force participation rate dropped below that of King County (63.6 percent) by 2000, it was still higher than the rate nationally (57.5 percent). The overall decrease in Bellevue's labor participation rate is largely due to the increase in Bellevue's senior population as noted above. Also contributing is the fact that labor force participation by mothers of young children decreased in Bellevue rather than going up as it did nationwide. In Bellevue, half of women with children 5 and under were in the labor force in 2000, which contrasts with the higher rate of 63 percent in King County as a whole.

Labor Force Participation Rates Bellevue and Selected Geographies 2000 Census

	United States	King County	BELLEVUE	Eastside Balance*	Redmond	Seattle
% of population age 16 and over in the labor force	63.9%	70.1%	**67.5%**	72.3%	74.0%	70.1%
% of females age 16 and over in the labor force	57.5%	63.6%	**58.7%**	63.9%	64.9%	65.5%

**Eastside Balance is the Eastside without Bellevue.*

In Bellevue, as in other locations, the percentage of employed residents working full time was lower for women than men: 69.6 percent for working women and 86.6 percent for working men—percentages which were similar to those in King County as a whole.

Occupations and Industries of Employment

The table on the following page shows the percentages of working residents of Bellevue and other selected geographies by the occupations and industries in which they work. As reflected in the table, **the occupations and industries in which Bellevue residents and their Eastside neighbors are employed place these local workers on the leading edge of the new knowledge-based economy.**

In regard to occupations, a large percentage of Bellevue's working residents are employed in management and professional occupations. In 2000, over half (53.1 percent) of all Bellevue civilian workers and slightly less than half (48.1 percent) of other Eastside civilian workers age 16 and over were employed in management or professional jobs. Bellevue and Redmond in particular, had significantly higher percentages of their resident workforces in management, professional, and related occupations (53.1 percent for Bellevue and 56.7 percent for Redmond) than did King County generally (43.4 percent), and much higher than did the nation as a whole (33.6 percent).

Bellevue also had a larger proportion of working residents employed in computer and mathematical occupations than did King County generally. Bellevue had a smaller proportion in the computer and mathematical occupations than did Redmond—not surprisingly given the location of the Microsoft campus in Redmond; however, Bellevue had slightly higher percentages in other management, professional, and related occupations.

With regard to industries of employment, the proportion of Bellevue workers employed in many knowledge-based industries such as information; finance, insurance, and real estate; and professional, scientific, and technical services was also higher than in King County as a whole. In both Bellevue and Redmond about one in three civilian workers (32.1 percent for Bellevue and 34.9 percent for Redmond) were employed in one of these industries, compared to 22.4 percent for King County as a whole, and a much lower 15.8 percent for the nation as a whole.[28]

Percentage of Employed Residents* by Occupation and Industry
Bellevue and Selected Geographies
2000 Census

Occupations	United States	King County	BELLEVUE	Redmond	Seattle
Management, professional, and related:	**33.6%**	**43.4%**	**53.1%**	**56.7%**	**48.4%**
Mgt, business, & financial operations subcategory	13.5%	17.4%	**21.5%**	20.7%	17.2%
Professional and related occupations subcategory	20.2%	26.0%	**31.6%**	36.0%	31.2%
Computer and mathematical (one subcategory of professional and related)	2.4%	5.8%	**11.4%**	17.8%	5.5%
Service occupations	14.9%	12.9%	**10.1%**	8.5%	13.9%
Sales and related	11.2%	11.4%	**12.9%**	11.7%	10.4%
Office and administrative support	15.4%	14.9%	**13.5%**	12.1%	14.1%
Farming, fishing, and forestry	0.7%	0.3%	**0.1%**	0.0%	0.3%
Construction, extraction, & maintenance	9.4%	6.9%	**4.1%**	4.1%	4.9%
Production	8.5%	5.4%	**3.5%**	4.4%	4.4%
Transportation and material moving	6.1%	4.8%	**2.7%**	2.5%	3.8%

Industries	United States	King County	BELLEVUE	Redmond	Seattle
Agric., forestry, fishing and hunting, & mining	1.9%	0.4%	**0.2%**	0.2%	0.3%
Construction	6.8%	5.7%	**4.0%**	4.5%	4.0%
Manufacturing	14.1%	12.6%	**11.5%**	13.4%	8.3%
Wholesale trade	3.6%	4.3%	**4.0%**	3.4%	3.3%
Retail trade	11.7%	11.9%	**12.5%**	14.0%	11.1%
Transportation and warehousing, & utilities	5.2%	5.3%	**3.5%**	2.8%	4.2%
Information	**3.1%**	**5.5%**	**8.6%**	**13.7%**	**6.0%**
Finance, insur., real estate & rental/leas.	**6.9%**	**7.3%**	**8.9%**	**7.0%**	**6.9%**
Professional, scientific, & tech. services	**5.9%**	**9.6%**	**14.6%**	**14.2%**	**12.3%**
Management of companies and enterprises	0.1%	0.1%	**0.1%**	0.1%	0.1%
Admin. and support & waste mgt. srvcs.	3.4%	3.7%	**3.3%**	3.1%	3.7%
Educational, health and social services	19.9%	17.7%	**14.7%**	13.3%	21.6%
Arts, entertain., rec., accomm. & food srvcs.	7.9%	8.1%	**6.8%**	5.3%	9.9%
Other services (except public admin.)	4.9%	4.6%	**4.4%**	3.4%	4.8%
Public administration	4.8%	3.3%	**2.8%**	1.6%	3.5%

**Employed civilian population, 16 years of age and over.*

Percentage of Employed Residents* by Occupation Management and Professional Detail Bellevue 2000 Census	
Management, professional, and related occupations:	53.1%
Management, business, and financial operations:	21.5%
Management	14.3%
Business and financial operations	7.1%
Professional and related:	31.6%
Computer and mathematical	11.4%
Other professional and related	20.2%
Architecture and engineering	4.5%
Life, physical, and social science	1.1%
Community and social services	1.3%
Legal	2.0%
Education, training, and library	3.8%
Arts, design, entertainment, sports, and media	2.6%
Healthcare practitioners and technical	4.9%
Health diag., and treating practitioners and tech.	3.9%
Health technologists and technicians	1.0%

**Employed civilian population of geography, 16 years of age and over.*

Almost half (48.1 percent) of Bellevue women in civilian jobs were in management, professional, and related occupations compared to about 44 percent of their female cohorts countywide and 36 percent nationwide. In Bellevue as elsewhere, however, occupations and industries of employment still varied somewhat by gender and the path to the new economy appears to have been more well-worn by men than women.[29]

Earnings

As noted in the Wages and Income chapter, wages and earnings tend to be higher in Bellevue than in King County and the nation as a whole. Median earnings for full-time year round workers living in Bellevue were about $47,000 in 1999—which is almost $7,000 more than the median countywide.

Median Earnings in 1999 (1999 Dollars) for Full-Time Workers*
Bellevue and Selected Geographies
2000 Census

	United States	King County	BELLEVUE	Redmond	Seattle
Total	$32,098	$40,437	**$47,183**	$49,367	$37,669
Male	$37,057	$45,802	**$56,456**	$58,112	$40,929
Female	$27,194	$34,321	**$37,124**	$37,200	$35,134

**Full-time, year round workers 16 years and over with earnings in 1999.*

Median Earnings in 1999 (1999 Dollars) for the Population Overall and by Gender Bellevue and King County 2000 Census		
	King County	BELLEVUE
Total	$30,088	**$34,891**
Full-time, year round worker	$40,437	**$47,183**
Male	$36,337	**$45,226**
Full-time, year round worker	$45,802	**$56,456**
Female	$24,367	**$26,389**
Full-time, year round worker	$34,321	**$37,124**

**Population 16 years and over with earnings in 1999.*

While women's as well as men's earnings were higher in Bellevue than in King County as a whole, the earnings advantage was greater for Bellevue men than for Bellevue women. This is likely partly due to Bellevue men having especially high rates of employment in well-paying occupational categories, especially in the computer related category.[30]

Class of Workers

"Class of worker" is a term the Census Bureau uses to classify workers according to the ownership type of the workers' employing organization. **In Bellevue, slightly over three-quarters (77.7 percent) of civilian workers in the population were employed as private for-profit wage and salary workers**, 6.1 percent were employed in non-profit organizations, 9.3 percent worked in government, and 6.9 percent were self-employed in an unincorporated business. **In addition to the 6.9 percent of residents self-employed in *unincorporated* businesses, another 4.5 percent of Bellevue residents were self-employed in an *incorporated* business that they, themselves, owned.** (The latter are listed by the census as a subset of private for-profit wage and salary workers).

The following table shows "class of worker" information for the populations of Bellevue and other selected geographies. The figures indicate that **Bellevue had higher proportions of its working population in the self-employed categories and a lower share in the government category than did King County and the nation as a whole.**

Class of Worker* Bellevue and Selected Geographies 2000 Census					
	United States	King County	BELLEVUE	Redmond	Seattle
Private for-profit wage and salary workers	71.3%	73.3%	**77.7%**	83.5%	67.0%
Self-employed workers who are employees of own corporation	3.2%	3.3%	**4.5%**	3.9%	2.9%
Private not-for-profit wage and salary workers	7.2%	7.2%	**6.1%**	3.9%	10.2%
Government Workers	14.5%	13.0%	**9.3%**	7.5%	15.6%
Self-employed workers in unincorporated business	6.6%	6.4%	**6.9%**	5.0%	7.0%

**Employed civilian population, 16 years of age and over.*

Place of Work

As described in the Employment chapter, about 39 percent of employed Bellevue residents work within the city of Bellevue and about 61 percent work outside Bellevue.

According to the 2000 census, there were 55,968 workers (age 16 and older) living in Bellevue. **The large majority (about 95 percent) of employed residents living in Bellevue worked somewhere within King County.** Detail on the place in which Bellevue residents worked in 2000 is shown in the table to the right.

Place of Work For Employed Bellevue Residents* 2000 Census		
Total Bellevue Residents Who Work	55,968	100.0%
Place of Work	Workers	Percentage of Workers
King County Total	53,002	94.7%
Bellevue	21,655	38.7%
Seattle	12,820	22.9%
Redmond	7,815	14.0%
Kirkland	1,960	3.5%
Renton	1,725	3.1%
Remainder of King County	7,027	12.6%
Snohomish County	1,281	2.3%
Pierce County	244	0.4%
Kitsap County	50	0.1%
Other	1,392	2.5%

Workers 16 years of age and over.

At 39 percent, the share of employed Bellevue residents who worked in the same city in which they lived (Bellevue, of course) is significantly lower than the corresponding percentage for employed Seattle residents who worked in Seattle. However, the Bellevue percentage was higher than the corresponding percentages for other cities in King County with lower concentrations of employment within their boundaries.

Bellevue's position in this pattern is reflective of Bellevue's role as a key regional employment center which employs a significant proportion of residents within the city, but also requires workers from outside the city. Bellevue's status as a significant importer of workers coupled with the fact that most working Bellevue *residents* commute to work locations outside of Bellevue gives this community a great stake in the overall health of the region's economy and transportation system.

Percentage of Employed Residents Who Worked in Same City of Residence
Bellevue and Selected Geographies
2000 Census

King County Residents	BELLEVUE Residents	Kent Residents	Kirkland Residents	Redmond Residents	Renton Residents	Seattle Residents
37.8%	38.3%	26.4%	23.0%	40.7%	21.6%	73.8%

ENDNOTES

[1]Both volumes of Bellevue's Census 2000 report can be viewed or downloaded at: http://www.cityofbellevue.org/page.asp?view=16912. Data from the American Community Survey (ACS), another Census Bureau survey, will replace the long form questionnaire that was previously distributed as part of the decennial census (although the basic questions on the short form questionnaire will continue to be asked as part of the decennial census). Currently the ACS is in a testing phase. After full-scale implementation, the ACS will provide data *every year* for all states, and for cities, counties, metropolitan areas of 65,000 people or more including Bellevue.

[2] Information on population estimates and forecasts produced by the Washington State Office of Financial Management

(OFM) can be found at http://www.ofm.wa.gov/pop/index.htm#growth.

[3] OFM Statistics cited in Puget Sound Regional Council (PSRC), *Regional View Newsletter*, September 2004, http://www.psrc.org.

[4] PSRC also assists in this effort by preparing the county employment projection and by providing population and employment projections for each of the four subareas within King County's urban growth boundary—Sea-Shore, East, South and for rural cities—given the King County target. These forecasts are then translated into employment and household targets for each of the subareas.

[5] Bellevue Comprehensive Plan, Land Use Element, Nov. 2004, http://www.cityofbellevue.org.

[6] In 2000 the population of the Bellevue area based on FAZs was about 95 percent as large as the population of Bellevue according to the 2000 census.

[7]The Downtown Subarea Plan is part of the City of Bellevue's Comprehensive Plan and can be found at http://www.cityofbellevue.org/departments/Development/pdf/15.DowntownPlan2.pdf.

[8] "The challenge of the decade ahead," by Michael W. Horrigan, U.S. Bureau of Labor Statistics presented at the 2004 Economic Symposium, Washington State Employment Security Department, November 30, 2004.

[9] U.S. Census Bureau, "Methodology and Assumptions for the Population Projections of the United States: 1999 to 2100," http://www.census.gov/population/www/documentation/twps0038.pdf.

[10] "Registered Nursing Shortages: Public Policy, and Higher Education in the Western States*,"* Western Interstate Commission for Higher Education, June 2003.

[11] By 2009, the number of high school graduates in Washington State will have risen by about 11 percent compared to the 2004 figure and about 40 percent compared to the 1996 figure*. Knocking at the College Door: Projections of High School Graduates by State, Income, and Race/Ethnicity 1988 to 2018*, published by the Western Interstate Commission for Higher Education, December 2003.

[12] "Crowded schools have BCC considering four-year degrees," by Catherine Hawley, *King County Journal*, October 10, 2003.

[13] "EWU and BCC to create university center on Bellevue campus," Bellevue Community College news release, March 28, 2005.

[14] The comparability of race data between 1990 and 2000 is somewhat limited given that respondents were not able to select two or more races as a category until the 2000 census. However, the limitations in comparability are not so great as to substantially discount the major trends noted.

[15]Between 2002 and 2012, The number of White non-Hispanic persons in the national labor force is projected to grow during this period by 0.3 percent—much lower than the 2.9 percent rate of increase among Hispanics/Latinos, 1.8 percent for Blacks/African Americans, 4.2 percent for Asians. Nationally, racial minorities and persons of Hispanic/Latino origin are expected to contribute over 80 percent of the total net change in the number of persons in the labor force between 2002 and 2012. The numbers of men and women in the labor force will both grow between 2002 and 2012, but the number of women will grow at a faster rate than men, increasing women's share of the labor force from 46.5 percent to 47.5 percent. "BLS releases 2002-12 employment projections," February 11, 2004, Bureau of Labor Statistics http://www.bls.gov/news.release/ecopro.nr0.htm; Occupational Projections and Training Data, 2004-05 Edition, http://www.bls.gov/emp/optd/home.htm.

[16] The percentage of the workforce made up of women also is expected to increase further to 47.7 percent by 2050. "A century of change: the U.S. labor force, 1950–2050," *Mitra Toossi, Monthly Labor Review Online, Bureau of Labor Statistics,* May 2002, Vol. 125, No. 5, http://www.bls.gov/opub/mlr/2002/05/art2exc.htm

[17]*Creating Capital, Jobs and Wealth in Emerging Domestic Markets*, January 2003, Glenn Yago, Betsy Zeidman, Bill Schmidt at the Milken Institute, http://www.milkeninstitute.org/pdf/ford_researchreport.pdf.

[18]The Northeastern University analysts also found that new immigrants continued to be a large share nationally of growth in the labor force between 2000 and 2004. *Foreign Immigration and the Labor Force of the U.S.: The Contributions of New Foreign Immigration to the Growth of the Nation's Labor Force and Its Employed Population: 2000 to 2004*, Center for Labor Market Studies, Northeastern University, July 2004, http://www.nupr.neu.edu/7-04/immigrant_04.pdf.

[19]"Asian Small Businesses," by University of Massachusetts professor C. N. Le, published in *Asian-Nation*, http://www.asian-nation.org/small-business.shtml, accessed February 8, 2005.

[20] Milken Institute, *Creating Capital, Jobs and Wealth in Emerging Domestic Markets*, Glenn Yago, Betsy Zeidman, Bill Schmidt, January 2003.

[21] "Growing international appeal - Developer of new Kent mall has big plans for Bellevue," by Jamie Swift, *King County Journal*, February 7, 2005.

[22] Nationally at least 60 percent of the net jobs added between 2002 and 2012 (compared to an estimated 53 percent of jobs existing in 2002) will be filled by workers with at least some college. This is likely an underestimate given that educational requirements of individual occupations are likely to increase, rather than remain constant as was assumed in the projections. U.S. Bureau of Labor Statistics, Tomorrow's Jobs, http://www.bls.gov/oco/oco2003.htm; "Occupational Projections and Training Data, 2004-05 Edition," http://www.bls.gov/emp/optd/home.htm. Even in a transforming economy, however, most of the occupations with the largest *numerical* increases will have on-the-job training rather than a degree as the most significant source of education.

[23] *The Metropolitan New Economy Index,* http://www.neweconomyindex.org.

[24]In *The Metropolitan New Economy Index*, the Progressive Policy Institute ranked metropolitan areas based on an aggregate of 16 indicators including knowledge-based jobs, globalization, economic dynamism and competition, transformation to a digital economy, and technological innovation capacity. This is the source of several observations in this chapter related to the role educational attainment plays in fueling the economy.

[25] *Western Policy Exchanges*, The Western Interstate Commission for Higher Education, January 2005, http://www.wiche.edu/Policy/Ford/documents/Exchanges1-05.pdf; http://www.wiche.edu/policy/ford/Jones_paper.pdf

[26] Persons not considered by the Census Bureau to be members of the labor force include students, individuals taking care of home or family, retired workers, and institutionalized people.

[27]In Bellevue, there were just 30 persons in the armed forces per the 2000 census.

[28] Data from the 2000 census on industry of employment is classified according to the new NAICS system, which is different than the SIC-based categories which are used in a majority of the analyses in the profile, including in the Employment chapter and the Wages and Income chapter.

[29] Bellevue data from the 2000 census shows that women are less likely than men to hold jobs in management; some professional occupations such as computer and mathematical, architecture and engineering; and also in construction, extraction, and maintenance; and transportation and material moving. Women are more are more likely than men to be in occupations related to education and health care, services, and office and administrative support.

[30]Per the 2000 census, within the Bellevue population 16 percent of employed males and 5 percent of employed females were employed in computer related occupations compared to 8 percent and 3 percent respectively in King County as a whole.

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Commercial Real Estate Vacancy Trends

Introduction

Examining the amount of space that is occupied or vacant in commercial real estate markets within an area provides insights into the health of the local economy. When the economy is growing rapidly, the demand for commercial real estate increases, vacancy rates fall, and prices are pushed upward—all of which tend to spur new development. Trends in specific types of real estate markets also offer clues into how industries that use these spaces have been doing over time.

This chapter looks at recent trends in vacancy rates in Bellevue's office, industrial, and retail real estate markets and also compares vacancy rates in Bellevue to other localities in the Puget Sound region.[1] These recent trends provide perspective on how these markets fared both during the boom of the late 1990s and the subsequent recession from which the economy is now emerging. Analysis is also included on the long term outlook for office vacancy rates in Downtown Bellevue.

A number of sources were used in compiling the information in this chapter including market reports prepared by several commercial real estate companies, and analyses by reporters following local commercial real estate trends. The primary source for the vacancy figures is CB Richard Ellis, an international commercial real estate service and brokerage company that maintains estimates of office and industrial real estate vacancy rates in the major markets of the U.S. Discussions with analysts at CB Richard Ellis and Colliers International, also a full-service provider of commercial real estate services, provided useful insights. The chapter also benefits from perspectives that Berk & Associates provided as part of the analysis the firm did for the profile.

In this chapter, the geographies of the real estate markets, e.g., Eastside, Puget Sound region, I-90 corridor, Downtown Bellevue, and Bellevue suburban are defined as they are by the data source referenced. These definitions may not correspond exactly with those used elsewhere in the profile.

KEY FINDINGS AND IMPLICATIONS—Commercial Real Estate Vacancy Trends

Office Vacancy Rates

Downtown Bellevue has almost 5 million square feet of Class “A” office space concentrated in 24 buildings, representing almost a quarter (23.5 percent) of the Eastside’s square footage in this premier class of office space. Hundreds of thousands of square feet of office space also exist in Bellevue along the SR 520, I-405, and I-90 corridors and scattered elsewhere in the city.

During the economic boom in the late 1990s and early 2000, office vacancy rates in both King County’s Eastside as a whole and in Bellevue reached unprecedented low levels. At the height of the boom, vacancy rates in the downtowns of Bellevue and Seattle were only about 2 percent, with rates just slightly higher in the Eastside as a whole and in the Puget Sound region as a whole.

As the economy entered recession in 2001, office vacancy rates regionwide jumped sharply. The recession affected Bellevue especially hard, due in part to the many technological and other companies that folded, downsized, or stopped growing leaving large amounts of empty office space empty. In Downtown Bellevue, major office buildings were completed just as the economy weakened, causing vacancy rates to climb much more steeply in Downtown Bellevue than in both the Eastside as a whole and other regional markets including Downtown Seattle. In the second quarter of 2002, office vacancy rates in Downtown Bellevue peaked at more than 25 percent. The fact that vacancy rates in Downtown Bellevue rose significantly faster than in other local markets, however, can be viewed in many ways as a “perfect storm” and is likely not predictive of future trends.

The recently commenced office market recovery in Downtown Bellevue picked up pace dramatically between the second and third quarter of 2004. This drop in the vacancy rate came with Symetra Financial’s agreement to lease over 250,000 square feet to move its headquarters to Downtown Bellevue. By the last quarter of 2004, real estate analysts estimate that Downtown Bellevue’s office vacancy rate had fallen to 10 or 11 percent.

Other indications that Downtown Bellevue’s commercial real estate market is emerging from the recession include developers’ renewed confidence in the market, which has prompted resumption of construction projects such as Lincoln Square and the second-phase of the Summit A building.

Real Estate analysts are projecting that vacancy rates in Bellevue will continue to decline in the near future as the regional and local economies continue to improve. Cushman and Wakefield projects that vacancy rates in Downtown Bellevue will fall further to about 7 percent by 2006.

The attractiveness to new economy firms that Bellevue demonstrated during the tech boom of the late 1990s generally bodes well for the future vitality of Bellevue’s office space market as the Information sector resumes expansion. Bellevue’s appeal to large companies, as demonstrated with Symetra’s recent decision to move to Downtown Bellevue, will likely attract other large firms that will help to provide more long-term stability to local office and job markets as Downtown Bellevue matures.

Industrial and Retail Vacancy Rates

The recession had less of a negative impact on the industrial and retail real estate markets than on the office real estate market. These markets have also been less subject to swings in vacancy rates because the amount of space needed for industrial and retail tenants is not as sensitive to economic cycles. The fact that annual growth in consumer spending remained positive during the most recent recession also helped to keep retail vacancy rates from climbing steeply in major retail markets such as Downtown Bellevue.

Industrial Vacancy Rates

Overall, the Eastside's 10 percent share of the regional Puget Sound industrial space market is much smaller than that of Seattle or the Kent Valley, which together comprised over 80 percent of the regional industrial market. The Bellevue submarket and the I-90 corridor submarket (which includes parts of Bellevue but also extends further east along that interstate) together make up less than 20 percent of the square footage in the Eastside industrial market.

During the recent recession, quarterly industrial vacancy rates within the Puget Sound region as a whole peaked at about 8 percent late in 2003. This was, however, only half as high as the regional 16 percent peak that office vacancy rates reached earlier that year.

The Eastside industrial real estate market, which had generally been weaker than that of the region during the recession, is beginning to respond to a strengthening economy. Bellevue's industrial vacancy rate has generally been below the industrial vacancy rate for the Eastside as a whole but above that for the region. In the third quarter of 2004, the industrial vacancy rate in Bellevue was 10.5 percent versus the 15.3 percent industrial vacancy rate for the Eastside as a whole.

Retail Vacancy Rates

Downtown Bellevue is one of the region's most concentrated retail hubs. With almost two million square feet of retail space—Bellevue's Downtown contains nearly 60 percent as much retail space as Downtown Seattle. However, the Eastside retail submarket with the largest overall number of square feet is the I-90 Corridor, which includes both areas within Bellevue bordering the interstate as well as areas extending further along I-90 to North Bend.

Retail remains the strongest of the commercial real estate markets with generally low vacancy rates in Bellevue and throughout the Puget Sound region. In the fourth quarter of 2004, Downtown Bellevue had a retail vacancy rate of just 1.5 percent, which was below Downtown Seattle's also low rate, as well as below the retail vacancy rates for the Eastside and region as a whole. Nationally, smaller and older neighborhood shopping centers were harder hit by the recent recession than were larger retail markets, and many are still struggling with relatively high vacancy rates. This is also true of several neighborhood shopping centers in Bellevue.

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Office Vacancy Rates

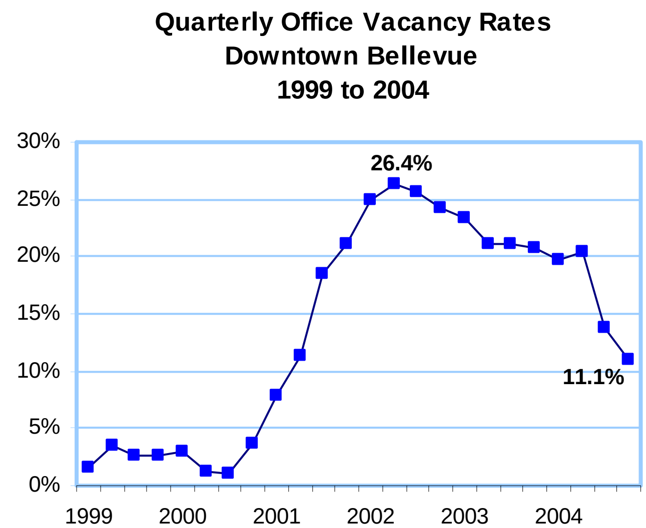
General economic conditions have a direct impact on vacancy rates for commercial real estate, with local markets for office space tending to track regional and national economic indicators. Variations in vacancy rates within the Puget Sound region also provide insights into how local real estate markets and levels of economic activity differ within the region.

As noted in earlier chapters, a large part of Bellevue's economy is based upon knowledge-based industries such as financial, real estate, and business services. Office buildings represent a prominent part of the city's identity and are necessary to accommodate jobs in these industries. According to CB Richard Ellis' most recent figures, Downtown Bellevue has almost 5 million square feet of Class "A" office space concentrated in 24 buildings—this represents almost a quarter (23.5 percent) of the Eastside's square footage in this premier class of office space. Several million additional square feet of office space also exist in Bellevue along the SR 520, I-405, and I-90 corridors and scattered elsewhere in the city. **Looking at local office vacancy rates reflects how these industries boomed in Bellevue in the late 1990s and likely have recently started to recover from the recession that began nationally in 2001.**

Office Vacancy Trends in Downtown Bellevue

As the economy soared in the late 1990s and in early 2000, office space vacancy dropped nationally to its lowest rates in two decades. Office vacancy rates in the Puget Sound region also fell to levels that were deemed unprecedented. Office vacancy rates in the Eastside and in Bellevue were also dipping at that time. As the economy peaked, vacancy rates in the downtowns of Bellevue and Seattle were only about 2 percent, with rates just slightly higher in the Eastside as a whole and in the Puget Sound region generally. **Around the time of the height of the boom, Bellevue specifically was the tightest Class "A" office market in the country**, according to the *National Real Estate Investor,* an industry journal.[1]

CB Richard Ellis' quarterly reports track trends in office space for multi-tenant buildings with 10,000 or more square feet. The chart below is based on this brokerage's quarterly figures, with the chart showing the detailed vacancy rate trend line by quarter in Downtown Bellevue. **The chart reveals the 26 percent peak in Downtown Bellevue's vacancy rate in the second quarter of 2002.** (Quarterly figures are also shown in the table below.)



Source: CB Richard Ellis

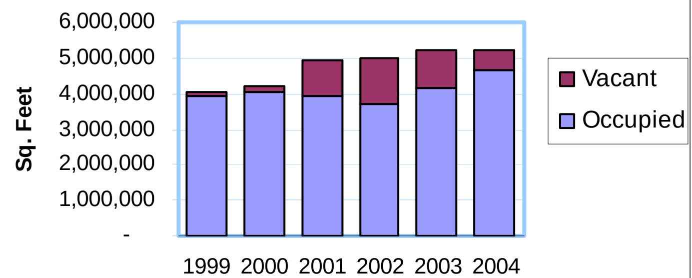
Quarterly Office Vacancy Rates
Downtown Bellevue
1999 to 2004

	Q1	Q2	Q3	Q4
1999	1.63%	3.47%	2.58%	2.53%
2000	2.98%	1.22%	1.06%	3.66%
2001	7.90%	11.29%	18.48%	21.18%
2002	24.94%	26.36%	25.71%	24.29%
2003	23.33%	21.16%	21.12%	20.75%
2004	19.68%	20.39%	13.76%	11.07%

Source: CB Richard Ellis

A gradual decline in Downtown Bellevue's office vacancy rate turned into a very sharp drop between the second and third quarter of 2004. This drop came with the completion of Symetra's agreement to lease over 250,000 square feet in the adjacent Rainier Plaza and Key Center towers, an event that the towers' landlord, Equity Office Properties Trust, called "market-charging."[2] **Estimated at about 11 percent as of the 4th quarter of 2004, the office vacancy rate in Downtown Bellevue is still higher than it was in 1999 or 2000, but is currently lower than the current rate in the Eastside generally (13 percent), Downtown Seattle (15 percent) and the Puget Sound region as a whole (16 percent).**

As illustrated in the following chart and accompanying sidebar, the addition of space with new office buildings completed between 2000 and 2003 was a key driver in making Bellevue's increase in vacancy rates during that period steeper than that in the Puget Sound region as a whole. Several new projects under construction stalled or were capped due to this increase in available office space. These included Lincoln Square, which once had half a million square feet of office space planned as a component of this mixed use development, and the Bellevue Technology Tower with another 390,000 square feet of office space.



Source: CB Richard Ellis

By the time Cushman and Wakefield prepared their 2003 year-end analysis, signs had begun to point to a strengthening market for office space in downtown Seattle and Bellevue. Both areas were among the top 10 markets nationally with respect to the amount of office space absorbed in direct leases that year.[3] By the first quarter of 2004, brokerages were reporting that asking rates had started to stabilize and the generous landlord concessions offered to attract new tenants in Bellevue and elsewhere had begun to wane. By late spring of 2004, Pacific Real Estate Partners was indicating that large consolidated spaces of office space in Downtown Bellevue were becoming scarce so that smaller tenants had to be displaced to accommodate larger tenants who wanted big blocks of space.

Recent Volatility and Dot-Com Effects— Economic expansion in the 1990s included technology company spin-offs and employment growth concentrated in Bellevue and other places on the Eastside. As Berk & Associates observe, because the city had little new office space construction during this period, space in this market was absorbed rapidly, resulting in very low vacancy rates. New construction followed, as would be expected, but the recession hit at the same time. New office space on the market combined with declines in employment resulted in escalating office vacancy rates.

The dot-com Internet start-ups of the late 1990s brought venture capital funding that went toward leasing more space than companies ended up needing, further tightening office space without necessarily filling the space with staff. The downturn in the economy then led to tech firms abandoning their space, creating very high vacancies throughout the region, particularly in Bellevue.

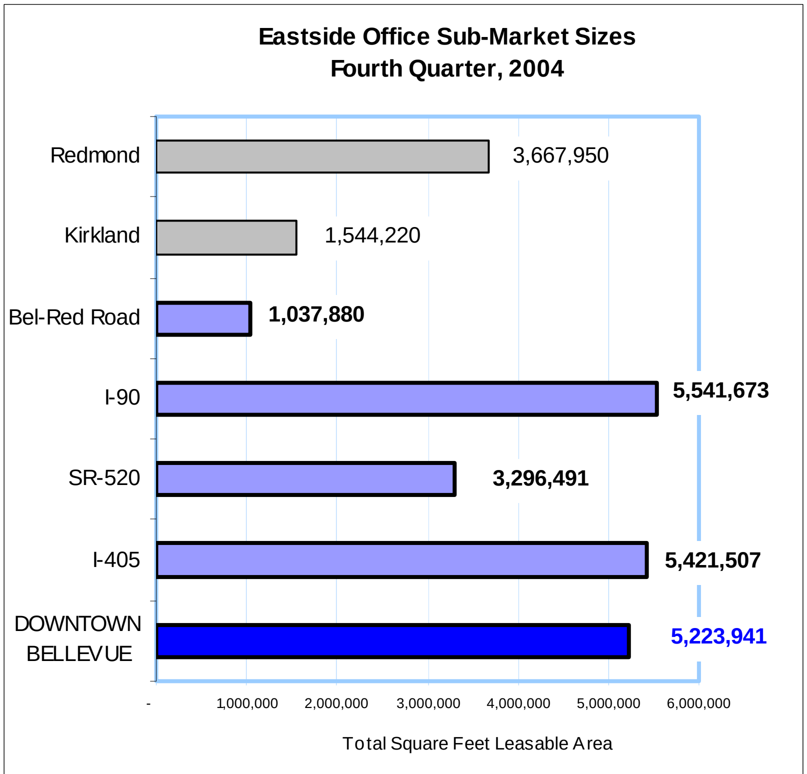
During the summer and fall of 2004 several large companies announced their decisions to lease office space in Downtown Bellevue, directly impacting the area's office vacancy rate. Puget Sound Energy, drugstore.com Inc., and Symetra Financial, all signed leases in 2004 to occupy large amounts of office space. These large leases, along with a number of recent smaller ones, have lowered the vacancy rate and put upward pressure on rents. This prospect of rising rents is giving developers a reason to continue construction on some of the projects in Downtown Bellevue that came to a halt during the downfall of the dot-com industry in 2001. According to reports in the *King County Journal,* companies are choosing to move their headquarters to Bellevue to take advantage of such benefits as reasonable rents, amenities, transportation options, central location and the easy access to freeways all available in Bellevue.[4]

Work has resumed on Lincoln Square and other major Downtown Bellevue mixed-use projects that were stalled or otherwise interrupted during the recession. (The original developer of the Lincoln Square project had halted construction on the project in 2002. Kemper Development Co. restarted the project after purchasing it in 2003. Kemper Development Co. is also the owner of the Bellevue Square shopping mall next to which Lincoln Square is being built.) Lincoln Square, the city's largest mixed-use development among those already built or under construction, is ultimately planned to include 330,000 square feet of retail, a 41-story hotel/condominium tower, 27-story office tower, 12-screen movie theatre, health club and a 2,100-stall underground parking garage. The office portion is, however, being built in a later phase of construction. Construction has also resumed on the second-phase expansion of the Summit "Building A." (During the recession a decision had been made to cap the building short of its originally planned height.) This 11-story 235,000 square-foot building is now expected to be completed in mid 2005 and is entirely committed to Puget Sound Energy Corporation. Also planned for Bentall's three-acre Summit site is a third building of 14 towers to replace the existing Summit Ridge.[5] Media reports also indicate that Wright Runstad and Equity Office Properties are once again planning to build City Center II, which is currently envisioned to rise 34 stories and contain 700,000 square feet of office space, 5,700 square feet of retail space, and 580,000 square feet of underground parking.[6] Additionally, in January 2005, plans were unveiled for a $1 billion project called the Wasatch Super-Block to be built around the corner from Bellevue Square. The residential component is being built first, but once completed in approximately ten years, the development will span the equivalent of nine city blocks, and will include an office tower or towers in addition to an athletic club, town homes, a number of condominium towers, and possibly a grocery store.

Another clear sign that the Downtown Bellevue office real estate market has turned around is the Civica Office Commons complex sale in March of 2005 for what was a record price in the Pacific Northwest. Local real estate brokers interviewed by the press indicate that this complex, which is leased by tenants that include Microsoft Corp., Morgan Stanley, and Infosys, sold for such a high price because of its premium quality, excellent location, and tenant base. Also, reports the *King County Journal,* major investors are now "snapping up" commercial real estate in places such as Downtown Bellevue.[7]

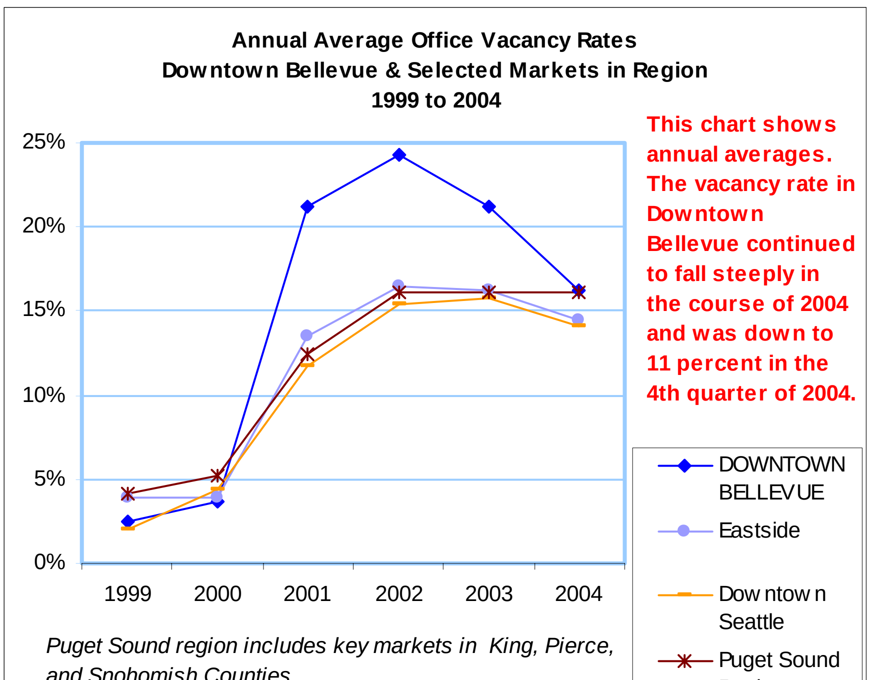
Downtown Bellevue's Office Market and Vacancy Rates in Regional Context

Almost one-third of the office space in the Puget Sound region is on the Eastside, according to CB Richard Ellis' fourth quarter 2004 figures. The chart to the right shows the amount of office space for Eastside submarkets defined by this brokerage. **Downtown Bellevue comprised 20 percent of the Eastside's total office space in** multi-tenant buildings with 10,000 or more square feet, and a slightly higher percentage of the Eastside's Class "A" office space as previously noted. **Other office submarkets in which Bellevue space is the majority or at least a sizable part (I-405, SR-520, I-90, and Bel-Red Road) together made up another 59 percent of the office square footage on the Eastside.**



Source: CB Richard Ellis

The chart below and table on the following page show *annual average* office space vacancy rates between 1999 and 2004 to facilitate comparison between Downtown Bellevue and other selected markets in the region. More detailed trends for Downtown Bellevue by quarter appear on the previous pages.



Puget Sound region includes key markets in King, Pierce, and Snohomish Counties.
Source: CB Richard Ellis

As the national and regional economies entered recession in 2001, office vacancy rates jumped sharply. By 2002, annual average office vacancy rates in the Puget Sound region, the Eastside, and the Seattle central business district had all risen to about 16 percent. As noted in the introduction to this chapter, real estate market geographies are defined in this chapter based on the way they are defined by the source, in this case CB Richard Ellis.

The vacancy rate for office space increased especially steeply in Downtown Bellevue, rising to an average annual vacancy rate of 24 percent in 2002. **A significant part of the increase in vacancy rates, especially in Downtown Bellevue and on the Eastside, had to do with technology companies** folding, downsizing or just simply not filling newly leased office space with employees, then subleasing space for which they no longer had a need. **However, since 2002, the office vacancy rate in Downtown Bellevue has declined much more quickly than have the vacancy rates at the regional level. As reflected in its falling vacancy rate, Downtown Bellevue has become one of the brighter spots in the region's economic recovery.**

Annual Average Office Vacancy Rates
Downtown Bellevue and Selected Markets in Puget Sound Region
1999 to 2004

	1999	2000	2001	2002	2003	2004
DOWNTOWN BELLEVUE	**2.53%**	**3.66%**	**21.18%**	**24.29%**	**21.16%**	**16.22%**
I-405 Corridor	7.52%	7.91%	13.00%	16.93%	17.40%	18.15%
520 Corridor	1.48%	3.13%	15.41%	14.40%	16.04%	15.77%
I-90 Corridor	3.29%	1.63%	12.87%	15.38%	15.40%	11.52%
Bel-Red Road	1.79%	6.38%	9.79%	11.63%	9.97%	11.76%
Eastside	3.93%	3.88%	13.52%	16.49%	16.20%	14.48%
Seattle Downtown	2.07%	4.34%	11.78%	15.44%	15.81%	14.15%
Puget Sound Region	4.10%	5.23%	12.50%	16.12%	16.15%	16.14%

Total vacancy including space available for both direct leases and subleases, for all multi-tenant buildings 10,000 square feet and greater.
Puget Sound region includes key markets in King, Pierce, and Snohomish Counties.
Source: CB Richard Ellis

Outlook for Downtown Bellevue's Office Space Market

Real Estate analysts are projecting that vacancy rates in Bellevue will continue to decline in the near future. Cushman and Wakefield's most recent analysis, which estimated vacancy at 9.8 percent in the fourth quarter of 2004, projects that office vacancy rates in Downtown Bellevue will fall further to about 7 percent by 2006.[8]

The steep increase in vacancy rates that occurred in Downtown Bellevue as large office buildings were completed just as the economy weakened can be viewed in many ways as a "perfect storm" and is not likely to re-occur. However, the additional space that will become available as Downtown matures and as major projects are completed will cause some temporary increases in vacancy rates from time to time.

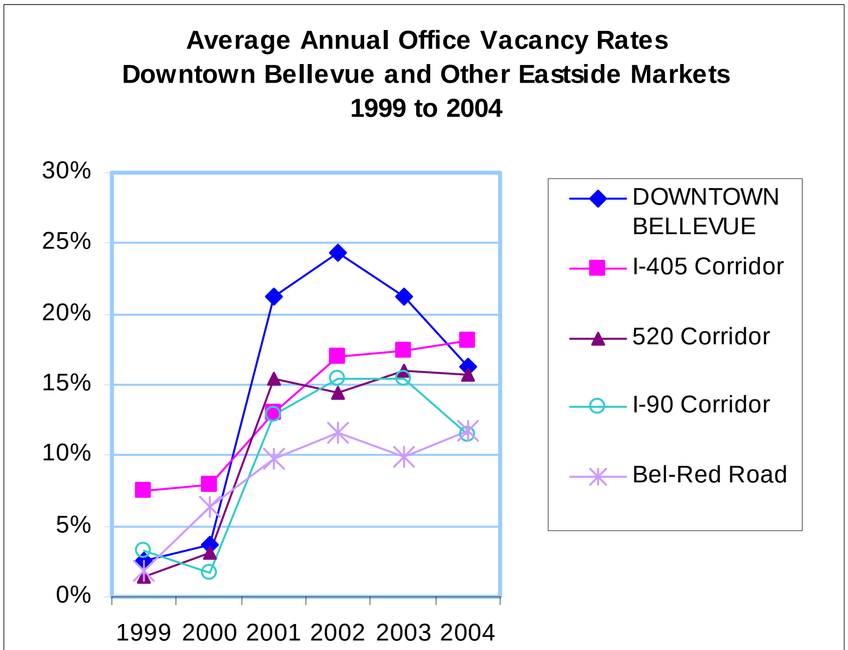
While well-established and very large occupants can stabilize a local office market as have major companies headquartered in Seattle, Bellevue's base of office space occupants consists primarily of hundreds of mid-size and smaller companies. These companies may be more vulnerable to downturns in the regional economy or buyouts by larger companies, which commonly are accompanied by layoffs. Smaller firms, particularly technology start-ups, are prone to turnover and buyouts. However, **Symetra's lease of more than 250,000 square feet and upcoming move to Bellevue is likely to help anchor the Downtown Bellevue office market.**

Bellevue's attractiveness to new economy firms, as demonstrated during the recent tech boom, also generally bodes well for the future vitality of the local office space market and economy.

The shopping and entertainment opportunities associated with the new mixed-use developments coming to Bellevue's Downtown will also enhance the marketability of office space in nearby buildings, and may help attract additional large tenants and employers.[9] New developments such as these also reflect the capacity of this maturing city to accommodate new economic growth in the future.

Office Vacancy Trends in Other Eastside Submarkets

The chart to the right shows *annual average* office space vacancy rates in Eastside submarkets from 1999 through the 4th quarter of 2004.



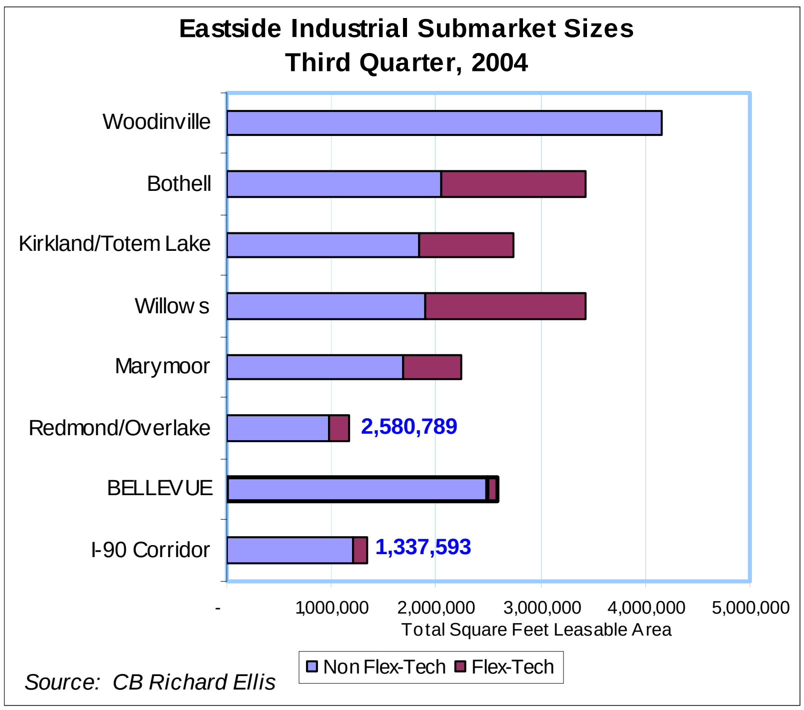
Source: CB Richard Ellis

Office vacancy rates in all of these submarkets rose with the recent recession, although rates in some submarkets not limited to Downtown Bellevue have declined more recently. The vacancy rate along the State Route 520 corridor, in Bellevue and Redmond continued to rise after 2002 but dropped significantly during the second half of 2004. The annual average office vacancy rate in 2004 along the 520 corridor is about equal to that of Downtown Bellevue. The vacancy rate along Bel-Red Road has remained fairly steady since 2002 and is in 2004 was lower than that for the Eastside as a whole and several other Eastside submarkets. An observation worth noting is that at least two large leases to occupy Downtown Bellevue office space that were signed by companies in 2004 involve moving companies' locations from other subareas listed in the previous chart: (i.e., drugstore.com is moving from the I-90 Corridor and Symetra Financial is moving its headquarters from the Redmond portion of the 520 corridor). However, these moves do not seem to be preventing the vacancy rates in these corridors from continuing to decrease.

Industrial Vacancy Rates

The health of the industrial real estate market is not as strongly tied to employment as the office sector is. Per Colliers International, orders for manufactured and durable goods, import/export activity, and wholesale and retail activity tend to be the main driving factors in industrial real estate markets.[10] According to Colliers and other real estate analysts, industrial and retail real estate markets generally tend to be more stable during economic downturns than do office space markets. **The amount of space needed for users of industrial and retail properties to have a place to put their products are not as sensitive to economic cycles as is the space needed for employees in office spaces. In addition, industrial buildings can usually be constructed more quickly than office buildings, allowing industrial developers to react more quickly to market conditions and avoid overbuilding.**

The brokerage CB Richard Ellis reports quarterly on industrial vacancy rates for buildings 10,000 square feet and greater in size. This includes "pure industrial" space, which the brokerage defines as warehouse, distribution and manufacturing buildings with less than 25 percent office build out, as well as "flex-tech," which stand three stories or less and have between 25 and 75 percent office use. Third quarter figures are presented in the adjacent chart because fourth quarter 2004 detail was unavailable for some Eastside submarkets as of the printing of this profile. (CB Richard Ellis' more general Industrial *MarketView* reports of the Puget Sound region indicates that vacancy rates for the Eastside market in the fourth quarter of 2004 was 16.17 percent, a slightly higher figure shown for the 3rd quarter of 2004.)

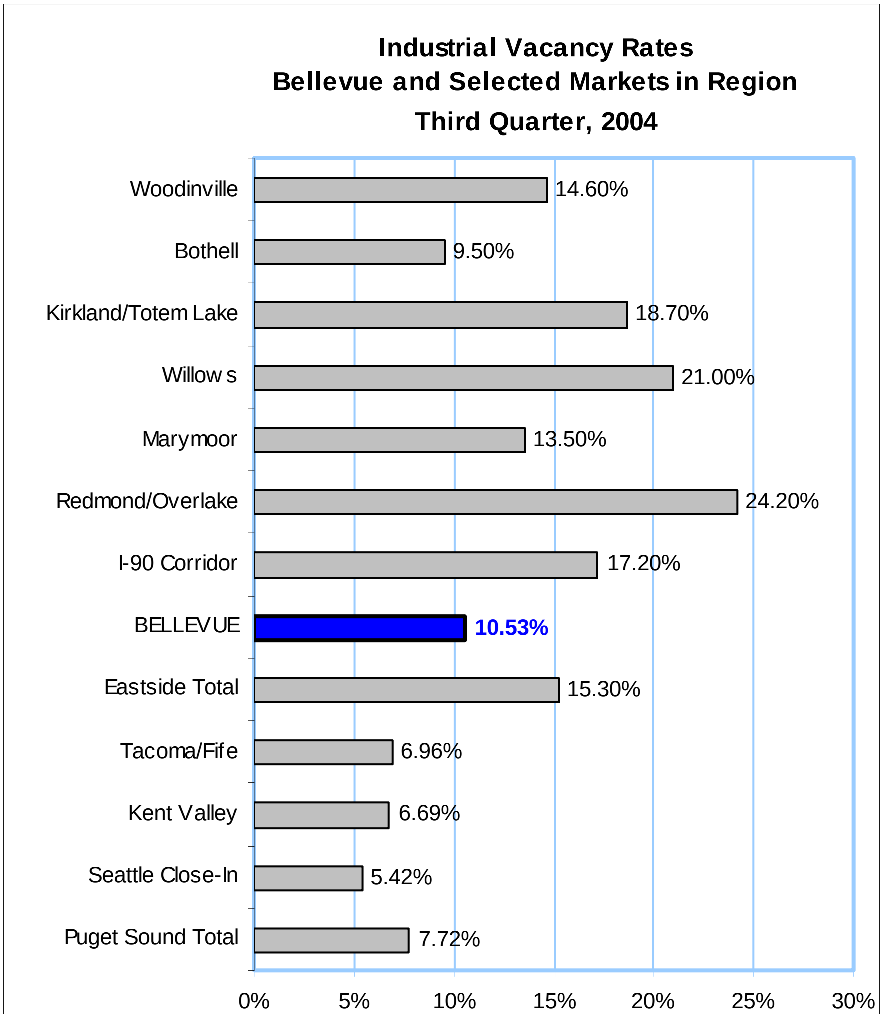


In the third quarter of 2004, the Bellevue submarket comprised about two and a half million square feet of industrial space, or about 12 percent of the Eastside market. The I-90 Corridor submarket, which included parts of Bellevue along I-90, comprised somewhat over one million square feet for about 6 percent of the Eastside market. **The entire twenty-one million square foot Eastside market made up only about 10 percent of the Puget Sound industrial market**, and was much smaller than the Seattle close-in and Kent Valley markets, which together totaled over one hundred and sixty-five million square feet or 80 percent of this regional market.

In the Puget Sound region, vacancy rates for industrial space rose as the recent recession took hold. However, industrial rates did not increase as steeply as did office vacancy rates.

The peak regional industrial vacancy rates in the fallout from the recession were only about 8 percent regionally, compared to 16 percent regionally for the highest office vacancy rates. Also, while office vacancy rates reached near peak levels in 2002, industrial vacancy rates did not do so until 2003.

Within the last few years, the Eastside industrial real estate market has generally been weaker than that of the region as a whole. However, real estate analysts see the industrial market on the Eastside beginning to respond to a strengthening economy. **Bellevue's industrial vacancy rate has generally been below the industrial vacancy rate for the Eastside as a whole but above that for the region.**[11]



Total vacancy including space available for direct leases and subleases for industrial buildings 10,000 SF or greater.
Source: CB Richard Ellis

As indicated on the chart to the right, in the third quarter of 2004, the industrial vacancy rate in Bellevue was about 10.5 percent. Bellevue's industrial vacancy rate was below the 15.3 industrial vacancy rate for the Eastside as a whole, and much lower than several individual Eastside submarkets.

Brokers have commonly regarded the I-90 corridor as one of the most desirable Eastside industrial locations largely due to easy freeway access needed for shipping. However, CB Richard Ellis indicates that vacancy rates along the I-90 corridor since the second half of 2003 have generally been higher than rates seen in 2000. The brokerage reports that the 2004 third quarter industrial vacancy rate along I-90 was 17.20 percent. By contrast, Colliers International, which defines the I-90 submarket more broadly, reports a third quarter 2004 total vacancy rate of just 10.82 percent, placing I-90 along with Bellevue close-in (with a 11.43 percent total vacancy rate) among the healthiest industrial space submarkets on the Eastside.

Close-in Seattle was the tightest industrial market in the Puget Sound with a vacancy rate of 5.42 percent in the third quarter of 2004.

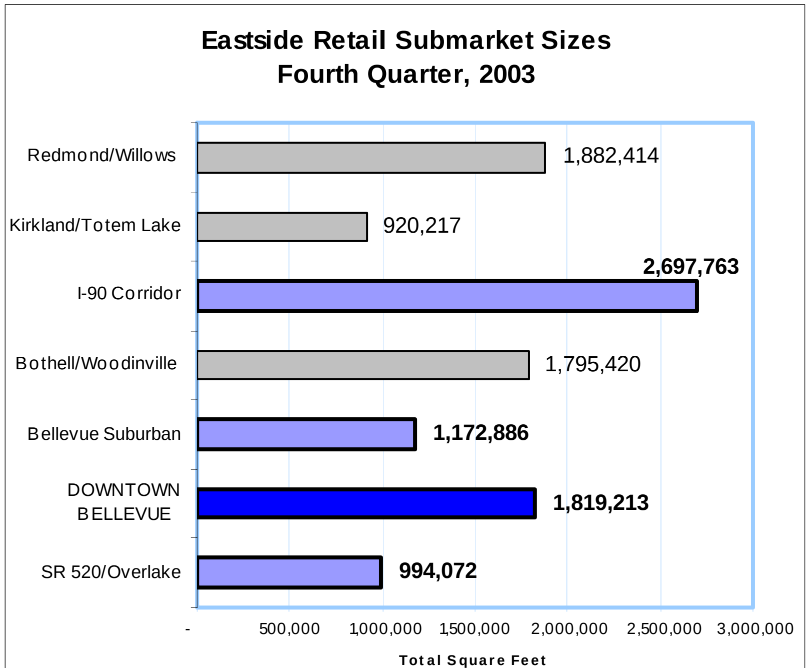
The submarkets in the southern part of the market provide large warehouses with good transportation access, conditions which national industrial market trends currently favor and which also lead these areas to have relatively low vacancy rates. CB Richard Ellis notes that the slight decrease in Puget Sound industrial vacancy rates from 8.27 percent to 7.72 percent between the last quarter in 2003 and the third quarter in 2004 was largely attributable to activity in the southern (i.e., Kent Valley and Tacoma/Fife) submarkets, which are nearest to the Port of Seattle.

Retail Vacancy Rates

At both a national scale and at a regional level, vacancy rates in major retail markets have been less affected by the economic slump following the turn of the economy in 2001 than have vacancy rates for other types of commercial property. This is partly because annual growth in consumer spending, which very directly fuels the health of the retail sector, remained positive during the recession.[12]

With regards to the Seattle metropolitan area, the general wisdom given in market reports and referenced in the media is that retail real estate remained strong. This is partly because this metropolitan area has not been overbuilt unlike many other U.S. markets. As a result, while retail markets in the region have suffered some effects from the general economic downturn, the impact has been buffered. Figures published by Gardner/Johnson in their Seattle Area Market Strategist show that Seattle metropolitan area retail vacancy rates increased after a low of around 2.75 percent in 2000; however, with a vacancy rate of 5.2 percent by early 2003, these rates did not reach the 6 percent plus rates that existed in 1997 and 1998.[13] **Puget Sound brokerages indicate that retail real estate, particularly *well-anchored* retail, continued to appreciate despite the recession, and national tenants' demand is reported as still being strong for retail space in this region. Key factors include the region's affluent demographics and consideration that the market is "under-retailed" given the areas' demographics.**

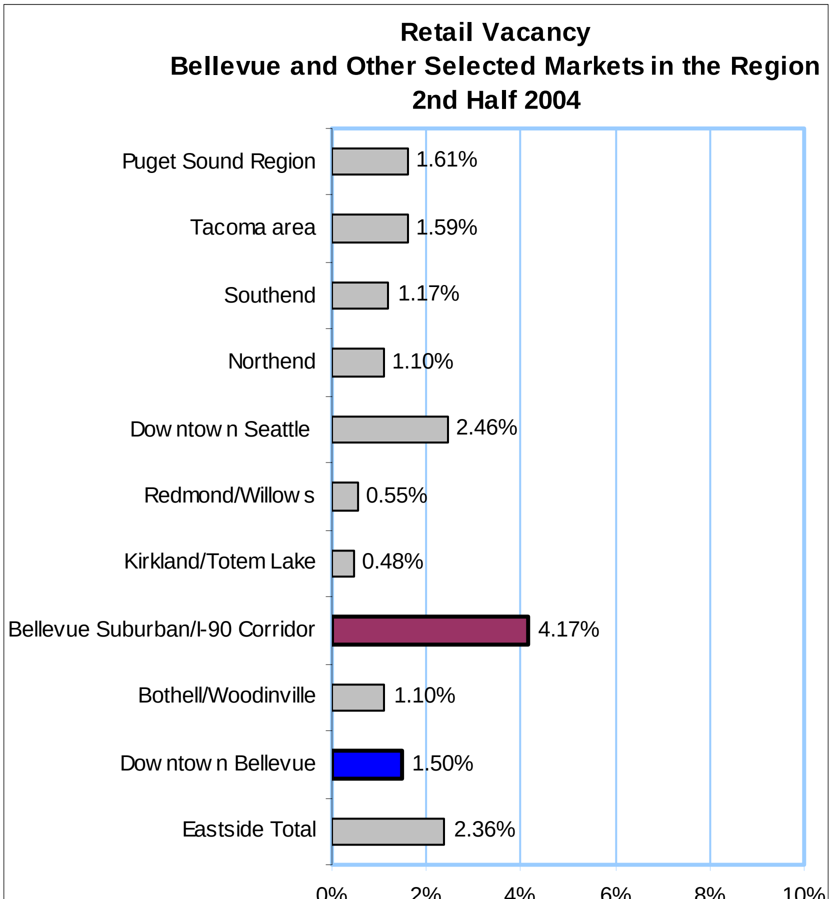
The size of the Eastside retail submarket, based on figures from CB Richard Ellis, is depicted in the accompanying chart. Figures from the fourth quarter of 2003 are used because these are the most recent figures available on the size of Bellevue area submarkets.



Note: 4th Q. 2003 provides most recent data at a detailed submarket level within Bellevue.
Source: CB Richard Ellis

The Eastside comprised about 28 percent of the Puget Sound region's retail at the end of 2003. **Downtown Bellevue—with almost two million square feet of retail space—contained almost 60 percent as much retail space as did Downtown Seattle. As a regional retail hub, Downtown Bellevue also has the highest density of retail jobs in the Eastside**, as shown in the retail employment density map in the Employment Chapter. **However, the Eastside retail submarket with the largest overall number of square feet is the I-90 Corridor, which includes both areas within Bellevue as well as areas extending eastward for another 20 miles along I-90 to North Bend.**

The most recent vacancy rate estimates from CB Richard Ellis, which were for the second half of 2004 as this is written, show Downtown Bellevue with a retail vacancy rate of just 1.5 percent. Downtown Bellevue's retail vacancy rate was below Downtown Seattle's rate of 2.5 percent as well as below rates for the Eastside and Puget Sound region as a whole, but higher than rates in some markets.[14] Per CB Richard Ellis, the region's retail vacancy rate fell to 1.6 percent, which was down from about 3.3 percent in the first half of 2004. Vacancy declined in every submarket during the second half of 2004. The Puget Sound region has not seen retail vacancy rates this low since the tech boom. CB Richard Ellis analysts suggest that the scarcity of prime retail locations is leading retailers to position themselves in existing retail locations as well as prompting developers to search for opportunities to build new retail centers.



Total vacancy including space available for direct leases and subleases on all multi-tenant buildings 50,000 SF or greater, freestanding buildings 20,000 SF and greater, and Downtown buildings 25,000 SF and greater. Source: CB Richard Ellis

The contrast in retail vacancy rates between Downtown Bellevue and the suburban Bellevue market reflects a national phenomenon in which the smaller and older neighborhood shopping centers were harder hit by the recent recession, and are still recovering in many areas. The retail vacancy rate for the Bellevue suburban submarket in the fourth quarter of 2003 was 12.75 percent, which was significantly higher than rates in other Bellevue submarkets. The "Bellevue Suburban" submarket includes neighborhood shopping centers such as Kelsey Creek and Lake Hills and other retail space in Bellevue not located in Downtown, or the I-90 or 520 corridors.

The vacancy in the former K-mart building in the Kelsey Creek Shopping Center was the largest single vacancy in this submarket and was a key factor in the high vacancy rate for the submarket. In 2004, CB

Richard Ellis began to combine the "Bellevue suburban" submarket into the "Bellevue Surburban/I-90 Corridor" for reporting purposes, and no longer tracks vacancy trends specifically for this submarket. Since 2003, Costco has signed a lease to occupy the former K-mart building (although the company's plan to create a shopping center there has since fallen through). Additionally a number of ethnic businesses opened up in the Lake Hills Shopping Center area after the opening of the Asian grocery store, Pal Do World, which came to this neighborhood shopping center in 2003.

Another retail real estate trend that industry analysts cite is the shift by developers into building more mixed use retail projects. *The National Real Estate Investor* observes that this trend is being driven in part by the scarcity of land for retail construction. In Bellevue, a preeminent example of a missed use project is Kemper Freeman's aforementioned plans for Lincoln Square, which will make it one of the largest mixed use projects in the United States. The 1.4 million square foot Lincoln Square mixed-use project includes 330,000 square feet of space for retail--shops, entertainment, and restaurants--as well as residential, office, and hotel components. The evolution of the Lincoln Square project into a phased development with retail being among the first portions of the development to be built highlights the health of the retail market. The redesign of the plans for Lincoln Square's retail space into a street-facing, more pedestrian friendly retail environment featuring high-end home furnishing and accessories also illustrates several aspects of the new trend toward "lifestyle center" retail developments.

ENDNOTES

[1] Unless otherwise indicated, vacancy rates discussed in this chapter refer to total vacancy for leasable office space and include both direct lease and sub-lease space. Figures do not reflect property that is directly owned and/or available for purchase.

[1]"Seattle Trudges Toward Recovery," Jeanne Lang Jones, *National Real Estate Investor*, March 1, 2004.

[2] "Market Switch: The deal that turned Bellevue's office market back on," Jeanne Lang Jones, *Puget Sound Business Journal*, February 14, 2005.

[3] "Survey says Seattle real estate market has hit the bottom," Mark Stiles, *Seattle Daily Journal of Commerce*, December 24, 2003.

[4] "Rental ripple effect-Symetra's Bellevue move changes shape of office space market," Clayton Park, *King County Journal*, August 16, 2004 and "Crosstown move for web retailer-drugstore.com to Relocate HQ to Downtown Bellevue," Clayton Park, *King County Journal*, August 19, 2004.

[5] Website of Bentall Investment Management, http://www.bentall.com/keyprojects/keyprojects_current_summit.xml

[6] "Region again hears sound of building boom," J. Martin McOmber, Seattle Times, November 08, 2004;

"More towers for Bellevue's core," Kristina Shevory, *Seattle Times*, January 26, 2005

[7] "Building's sale shows Bellevue economy has bounced back," David A. Grant, *King County Journal*, March 29, 2005; "Bellevue building sells at record price," John Cook, *Seattle Post-Intelligencer*, March 29, 2005.

[8] "Bellevue office market hot; Seattle still waits for jump-start," J. Martin McOmber, *Seattle Times*, December 29, 2004.

[9] "Downtown Bellevue landlord sees positive signs – Equity predicts vacancy rates will drop in the next few years," Clayton Park, *King County Journal*, October 23, 2003.

[10]Colliers International *US Real Estate Review*, 2004, http://www.colliers.com/Corporate/MarketReports/UnitedStates/

[11]*Press Release: "4th Quarter Puget Sound Industrial Market Overview,"* Colliers International, December 2004.

[12]Bureau of Labor Statistics, consumer expenditure survey reports for 2001 and 2002, http://www.bls.gov/cex/home.htm.

[13] Gardner/Johnson, *Seattle Area Market Strategist*, Economic Trends and Forecasts, 1st Quarter, 2003.

[14] CB Richard Ellis' *MarketView* report for the Puget Sound indicates that during the 2nd half of 2004, the inventory being tracked was limited to "institutional-grade" shopping centers 50,000 square feet or greater and freestanding retail 20,000 square feet or greater.

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Bellevue's Economy and the Regional Economic Strategy

Introduction

The central Puget Sound region is, in many ways, a single economic unit. (The central Puget Sound region consists of King, Kitsap, Pierce, and Snohomish counties.) The prosperity of Bellevue helps to make the region economically successful and the economic health of Bellevue is tied very much to that of the larger region of which it is a part.

This chapter begins by providing background on the Regional Economic Strategy (referred to as "the strategy" or RES), which was recently launched by the Puget Sound Regional Council (PSRC) with the goal of creating 100,000 new regional jobs. It also describes Bellevue's interest in the success of the RES.

The remainder of the chapter examines Bellevue's economy with respect to the more than a dozen industry clusters that the RES analysis were found to be concentrated in this region. These clusters are key to fueling the rest of the regional economy. **The chapter identifies how Bellevue's concentrations in these clusters compared to the region's and the nation's as a whole. More in-depth sketches are then provided for the following selected clusters in Bellevue:**

- **The five industry "pilot" clusters that PSRC and its partners have selected for the initial (pilot) phase of the RES—Aerospace Manufacturing, Information Technology (IT), Life Sciences, Logistics and International Trade, and Environment and Alternative Energy; and**
- **The Business Services cluster and Tourism cluster, which are the additional two regional clusters—along with the IT pilot cluster—employing the largest number of Bellevue workers.**

These sketches include a look at the composition of each cluster in Bellevue compared to the make up of the clusters at the regional level. Included are descriptions of the Bellevue-located businesses in each cluster along with some of the Bellevue-based institutions and organizations that help support these clusters locally and regionally.

KEY FINDINGS AND IMPLICATIONS—Bellevue's Economy and the Regional Economic Strategy

Bellevue has a strong interest in the success of the Regional Economic Strategy (RES), which was recently launched by the Puget Sound Regional Council (PSRC) and is being carried forward in conjunction with the Prosperity Partnership formed for this purpose. Achievement of the strategy's goal of producing an additional 100,000 jobs in the region beyond previous forecasts could mean roughly 7,000 more total jobs in the Bellevue area on top of the additional 19,000 jobs that PSRC has forecast for the Bellevue area between 2000 and 2010. (This estimate is based on the Bellevue area sharing additional job growth from the RES in the same proportion that the Bellevue area is anticipated to share job growth already forecast.)

In addition to the potential the RES has for energizing additional employment growth, the RES is also expected to help shape ongoing regional transportation and land use planning—including future updates of VISION 2020 and Destination 2030 and investments to support these plans.

Consultants to the RES identified fifteen industry clusters with higher concentrations of employment in the Puget Sound than nationwide, implying that this region has at least some degree of competitive advantage in these industries. The high number of clusters speaks well of the diversity of the region's economy. The following five clusters, identified as among the most promising for the region, were designated as pilot clusters which are receiving the most intensive focus during the initial phase of the RES:

- Information Technology (IT)
- Aerospace Manufacturing
- Life Sciences
- Logistics and International Trade
- Environment and Alternative Energy (a small, but emerging cluster)

About 22 percent of Bellevue's employment falls into the five pilot clusters, a somewhat larger share than the 19.5 percent regionally due primarily to the stronger concentration of IT jobs in Bellevue. (These cluster employment concentration estimates are based on covered employment figures, which are the only employment figures readily available at the city as well as regional level. Covered jobs are those covered by unemployment insurance. Estimates for the region and nation vary somewhat from those the RES consultants derived using their dataset.)

Information Technology is the pilot cluster with the largest number of jobs in Bellevue (about 18,000 jobs or 18 percent of Bellevue's covered workforce in private establishments), followed by Aerospace Manufacturing with almost 3,000 jobs. Bellevue has a strong competitive edge compared to the nation in both of these industry clusters. However, Aerospace Manufacturing jobs are much less concentrated in Bellevue than in the region, while IT jobs are somewhat more concentrated in Bellevue than in the region.

The additional nine clusters identified in the RES and analyzed for Bellevue comprise another 13 percent of Bellevue's jobs. (The Military was identified as a cluster in the region but was not included in Bellevue comparative analysis in this profile which focuses on private sector employment only.)

The large majority of Bellevue's jobs in these other nine clusters are in Tourism and Business Services. After Information Technology, these are the largest of the (RES) clusters in Bellevue.

Most of Bellevue's tourism-related jobs are in restaurants, hotels, and travel agencies. The Tourism cluster also includes businesses and organizations providing arts and recreational services.

The Business Services cluster identified in the RES includes insurance carriers, architectural services, engineering services, marketing consulting services, advertising agencies, public relations agencies, and market research agencies. The Business Services *cluster* is defined *very* differently in the RES analysis that is the Business Services *sector* discussed in other parts of the profile. One of the biggest differences is that computer and software industries are *not* included in the Business Services *cluster.* Also, several of the industries that are part of the RES Business Services *cluster* are not in the Business Services *sector.*

Bellevue Covered Employment
Regional Economic Strategy (RES) Clusters
March 2001

		Employment Concentration Ratios (1.0 = Parity)	
Five RES Pilot Clusters	**Jobs in Bellevue**	**Bellevue to Region**	**Bellevue to Nation**
Information Technology	18,106	2.4	4.0
Aerospace Manufacturing	2,815	0.4	4.7
Life Sciences	1,282	0.8	1.2
Environment & Alternative Energy	252	1.5	1.5
Logistics & International Trade	244	0.1	0.1
Subtotal Five RES Pilot Clusters:			
Number of Bellevue jobs	22,699		
% share of Bellevue jobs	22.0%		
Additional RES Clusters			
Tourism	6,709	0.9	1.0
Business Services^	5,198	1.4	2.0
Long Term Care	531	0.6	0.7
Specialty Foods	485	0.4	0.4
Electronic Shopping	207	0.4	0.9
Wood Products	180	0.1	0.1
Head Offices	*	*	*
Sound Recording	*	*	*
Boat Building	0	0.0	0.0
Subtotal Fourteen RES Pilot Clusters:			
Number of Bellevue jobs	36,098		
% share of Bellevue jobs	35.0%		

**Data suppressed due to confidentiality requirements.*
^Business Services cluster is defined differently in the RES analysis than this sector is defined in the rest of the Bellevue Economic Profile.
Additional notes: Job numbers and employment concentrations ratios in this table are based on jobs in private sector businesses and for Bellevue and region are limited to employment in business locations that could be geocoded. The actual numbers of covered jobs in Bellevue for each cluster are likely somewhat higher than those shown. RES Military cluster not included in this analysis. 2001 data used for consistency with timeframe of analysis by RES consultants.
Sources: Puget Sound Regional Council; U.S. Bureau of Labor Statistics

Bellevue's concentration of Business Services jobs relative to that of the region indicates that these industries constitute a particular specialty in Bellevue. Companies in Bellevue play an important role in supplying services to other firms within the Puget Sound region. Many of the larger Business Services firms headquartered and otherwise located in Bellevue also serve clients nationally and internationally. In Bellevue, Engineering Services are an especially substantial portion of the Business Services cluster.

Bellevue has an important stake in the regional growth of each of five RES pilot clusters. However, each cluster is important to Bellevue for different reasons.

- Information Technology represents both a large number of employees in Bellevue as well as a cluster in which Bellevue-based firms play a leading role. Regional growth in the IT cluster is likely to include gains in Bellevue. Strengthening regional institutions that support workforce development and innovation in this field will also strengthen the potential of IT firms in Bellevue to flourish.

- Strengthening the International Trade and Logistics cluster is unlikely to add large numbers of jobs in Bellevue, given the small base of jobs Bellevue has in this cluster. Benefits to Bellevue of regional enhancements to this cluster are less obvious, but still of importance given the significance of global trade to industries (including software and other high-tech industries) here and throughout the region. Infrastructure investments that might be given additional impetus via the RES work on this cluster might improve freight mobility enough to significantly enhance the movement of goods within—as well as into and out of—the region. This would have benefits for Bellevue as well as the rest of the region.
- Workers and residents throughout the Puget Sound region have a keen stake in the Aerospace Manufacturing cluster given the large regional concentration of employment in this cluster. Conditions supportive of aerospace in the region may also have direct benefits for Bellevue companies and workers in this cluster.
- Enhancement of regional strength in Life Sciences may provide new opportunities for Bellevue companies to gain a stronger foothold and chart a path in this cluster that virtually every tech-savvy major metropolitan area is pursuing.
- Growth in the Environment and Alternative Energy cluster, one of the emerging "stars" identified in the RES, would be promising for Bellevue, given the strength Bellevue has already established in portions of this small but growing field.
- Expansion in many of these clusters will create synergies that fuel firms in other clusters and the economy generally. For example, growth in IT will continue to support the Business Services cluster, in which Bellevue has a particular strength.

The potential of the RES for Bellevue will only be fully realized, however, if the RES goes forward from its pilot phase to place attention on additional clusters, including Tourism and Business Services. These are two additional RES clusters representing substantial employment numbers and opportunities for *both* the region *and* Bellevue.

- Catalyzing further regional growth in the Business Services cluster would add to Bellevue's already strong base in this cluster and help Bellevue further enhance its contribution to the region's strength in this cluster.
- Greater prosperity in the region's Tourism cluster could assist Bellevue to enhance its national competitiveness vis-à-vis other similar-sized cities in attracting visitors, with opportunities to further grow--and expose visitors to—the city's cultural and recreational amenities. However, to be relevant for Bellevue, adequate focus would need to be given to services for business travelers who make up most overnight tourists here.

One of the guiding principles that the Bellevue City Council has adopted for engaging in the RES is supporting the development of strategies consistent with policies already adopted in regional plans. This highlights Bellevue's stake in Business Services and other clusters attracted to the Downtown Bellevue urban center.

Background on the Puget Sound Regional Economic Strategy

In July of 2004, the four-county Puget Sound Regional Council (PSRC) launched the Regional Economic Strategy (RES) to identify and begin implementing the best strategies to ensure that the region's economy flourishes. The region's Economic Development District (EDD) Board, which recently merged into PSRC, is directing the effort and has formed a coalition named the Prosperity Partnership to develop the strategy. The Prosperity Partnership brings together a large coalition of key business, labor, government, and community leaders. Also included are the region's economic development councils, chambers of commerce, the State of Washington, cities, counties and port districts, workforce development councils, and the federal Economic Development Administration. The Prosperity Partnership is aiming to create a more favorable, competitive climate both to attract new investment and to support existing employers. It also has the specific goal of spawning 100,000 new jobs in the region between 2004 and 2010 beyond the 290,000 new jobs already forecast for this period by PSRC.

The Prosperity Partnership stresses regional collaboration as the key to making the Puget Sound region as competitive as possible in an increasingly globalized and challenging economic environment.

The Prosperity Partnership is also employing a cluster-based approach (see sidebar.) According to the economists working with PSRC on the Regional Economic Strategy, regions with fully developed clusters tend to have higher levels of job creation, higher wages and higher levels of wealth creation than do regions without such clusters. Distinctive clusters act as regional economic engines by selling their products or services outside the region, which draws income in from other areas and helps to help fuel the overall local economy.[1]

> Per the Economic Competitiveness Group (ECG), Clusters are "geographically concentrated sets of competing and complementary industries, operating in similar markets, linked by their buyer-supplier relationships and their shared reliance on inputs from local universities, colleges, sources of technology and capital"…. By locating near each other…businesses can increase their productivity, accelerate innovation, and stimulate new business formation."

One of the first steps of the RES was an analysis to distinguish the region's competitive advantages vis-à-vis other regions and to identify clusters that have a strong presence in the region along with a high potential for growth in the future. See section on "Highlights of Regional Economic Strategy Analysis" later in this chapter. That analysis was conducted by a consultant team of the Economic Competitiveness Group (ECG) and Global Insight.

The RES consultants identified thirteen primary industry clusters that have high concentrations of employment in the Puget Sound region relative to their concentrations nationwide. These are: Business Services, Military, Head Offices, Life Sciences, Long Term Care, Information Technology, Aerospace Manufacturing, Boat Building, Wood Products, Specialty Food, Tourism, and Logistics & International Trade and Electronic Shopping. They also identified two emerging clusters, Environment & Alternative Energy, and Sound Recording, which provide relatively few jobs currently but are growing both regionally and nationally.

The combined set of 15 clusters with high regional concentrations was then narrowed down to five pilot clusters that present some of the most significant levels of regional opportunity for the future:[2]

- **Information Technologies**
- **Aerospace Manufacturing**
- **Life Sciences**
- **Logistics and International Trade**
- **Environment and Alternative Energy**

The initiatives developed in the action phase of the Regional Economic Strategy will focus initially on these pilot clusters. As this profile is being written, working groups formed around each of the five pilot clusters are developing strategies to increase the competitiveness of cluster industries in the Puget Sound region. Partner organizations will then review the working groups' findings and refine action steps. The RES is anticipated to be released in the summer or fall of 2005 with implementation following immediately after release.

While the five pilot clusters are the focus of the initial working groups, the strategy is not intended to be limited only to these clusters. The strategy will also include action steps that benefit the competitiveness of the region's overall economy and will include plans for addressing other clusters. The Prosperity Partnership states that, "When the small group process is completed for the pilot clusters, a new, action-oriented strategic plan will be in place, under an embracing economic vision for the region. Additional clusters will be a part of this vision and action strategy and new efforts will be launched for leaders in each to help design and implement their own cluster-specific initiatives."[3]

The Prosperity Partnership anticipates that action steps to be included in the RES will include policy changes and investments in education, transportation, taxation, land use and quality of life needed to improve the region's competitiveness. The RES is expected to be assessed and updated each year as part of the EDD's federally mandated role to annually produce a Comprehensive Economic Development Strategy. This strategy will—in turn—help frame ongoing regional transportation and land use planning, including PSRC's future updates of VISION 2020 and Destination 2030.

Bellevue's Stake and Participation in the Regional Economic Strategy

As seen in previous chapters, Bellevue is a major player in the Puget Sound regional economy and is a location for many businesses and employees in fast growing "new-economy" industries. At the same time, the prosperity of businesses, workers, and residents in Bellevue is tied tightly to regional economic conditions. **If the Regional Economic Strategy is successful in its goal of creating an additional 100,000 jobs**, and if the Bellevue area shares in that job growth in the same proportion it is expected to share growth already forecast, **this could mean an additional 7,000 or more jobs for the Bellevue area on top of new 19,000 jobs that PSRC has already forecast for this area between 2000 and 2010**.[4]

Given these factors, Bellevue has a very important stake in the design and success of the RES. Along with other cities in the region, Bellevue also has a keen interest in the outcomes of the RES because of the likely influence the RES will have on ongoing regional land use and transportation planning as well as infrastructure and other investments to support these plans. This may include influencing where improvements are made, where growth is concentrated, and how successful urban centers, such as Downtown Bellevue, can be in attracting and responding to the needs of businesses for many years to come.

Bellevue's Economy and the Regional Economic Strategy

Both the City of Bellevue and the Bellevue Chamber of Commerce are participating organizations in the Prosperity Partnership and have encouraged the participation of Bellevue-based business and economic development partners including those in education and the non-profit sectors. City of Bellevue Council members and staff, work-force development specialists from Bellevue Community College, and the Bellevue Chamber were among the 1,100-plus attendees at the Regional Economic Summit, which the Prosperity Partnership held in November of 2004 to kick off the development of the RES. In addition to these entities, several leading Bellevue-based companies are serving on working groups organized around the pilot industry clusters on which the strategy is focusing in its initial stages.

In fall of 2004, the Bellevue City Council adopted an interest statement with a series of guiding principles for Bellevue's engagement in the Regional Economic Strategy. In addition to encouraging participation by local Bellevue industry and economic development leaders, these guiding principles include:

- Ensuring that Bellevue economic development interests, including its principal and emerging industry clusters, are considered in the Regional Economic Strategy.
- Supporting the development of a Regional Economic Strategy with policies that are consistent with those of VISION 2020, Destination 2030, and other adopted regional growth and investment plans.
- Supporting and enhancing Bellevue's place in the regional economy by helping to identify regional strategies and implementation measures that contribute to the enhancement of existing and emerging local business clusters.
- Working with economic development partners to ensure that Bellevue residents and stakeholders are aware of the project and that public involvement opportunities are provided for them.
- Being opportunistic regarding early project deliverables that might be helpful to specific Bellevue business clusters.

One of Bellevue's prime interests (second bullet above) is that strategies and action steps coming out of the RES, as well as the investments shaped by the strategy, further support the Vision 2020's "centers strategy" of encouraging employment growth in urban growth centers such as Downtown Bellevue. Encouraging employment and residential growth in these centers is key to enabling residents to live near jobs and creating the density needed to support efficient regional transit systems.

Highlights of Regional Economic Strategy Analysis

Industry Cluster Analysis

As identified previously, the Regional Economic Strategy consultants found thirteen primary clusters and two emerging clusters present in the Puget Sound region.[5] The Economic Competitiveness Group (ECG) notes, however, that these clusters vary greatly in how mature they are as well as in their historic and projected performance.

The table on the following page characterizes each of the clusters identified by the RES consultants, and summarizes their analysis.

- **The table shows the number of jobs each cluster represented in the region in 2001 along with the employment concentration ratio of the regional cluster relative to the nation.** The employment concentration ratio is calculated by identifying the share of overall regional employment that the cluster contributes in the Puget Sound and dividing that percentage by the share of overall national employment that the same industries contribute. **An employment concentration ratio of more than 1.0 means that the cluster provides a higher percentage share of employment in the region than it does in the nation.**
- **The final column of the table shows how quickly real gross output in the group of industries in the cluster is expected to grow between 2003 and 2008.** (For comparison, the U.S. Compound Annual Growth Rate for total real gross output in the economy as a whole is approximately 3.2 percent.)

> An employment concentration ratio is one type of "location quotient." According to economic base theory, which is commonly used in analyzing local regions' competitiveness, a location quotient above 1.0 suggests the local industry is producing more goods or services than are being consumed locally. These types of industries are considered to be "basic" because their role in bringing in outside dollars is essential to the growth of the local economy.

This analysis shows that Aerospace Manufacturing, which is one of the Regional Economic Strategy's five pilot clusters, dominates the Puget Sound's region's cluster economy with an employment concentration ratio far above those of other clusters in the region.

The region has many other clusters, although most of these have employment concentrations in the Puget Sound region that are just slightly higher than the U.S. concentration for those industries. According to ECG, this likely means that these Puget Sound clusters "enjoy only weak competitive advantage relative to the rest of the U.S. economy."

The Economic Competitiveness Group calls the Puget Sound region's cluster structure a "good news, bad news" story—"good in the sense that there are so many clusters present in the region on which to build, bad in that the largest by far—Aerospace Manufacturing—is roiled by foreign competition." They note that retaining assembly of Boeing's 7E7 airplane in this region is of major importance to keeping regional employment levels from falling, but caution that the long-term future of commercial airplane manufacturing in the region is uncertain. Even nationally, the real gross output forecast for the annual growth of the Aerospace Manufacturing group of industries is only 1.15 percent, which is significantly below the forecast for the economy as a whole.

Regional Economic Strategy Cluster Analysis Puget Sound Region				
Cluster	**Basic Description of Regional Employment**	**Jobs in Puget Sound Region, 2001**	**Employment Concentration Ratio, 2001**	**Forecast Compound Annual Growth Rate (CAGR), U.S. Real Gross Output 2003 to 2008**
Aerospace Mfg (RES Pilot Cluster)	Mfg and related suppliers	96,292	9.8	1.15%
Information Technology* (RES Pilot Cluster)	Hardware, software, telecom, etc.	88,341	1.5	6.50%
Tourism	Travel, recreation services	68,556	1.0	2.73%
Military	Uniform services, federal employees	52,250	1.9	0.70%
Business Services	Legal, accounting, real estate, consulting	48,543	1.3	0.72%
Head Offices*	Corporate headquarters	41,152	1.2	2.25%
Logistics & International Trade (Pilot Cluster)	Sea/air ports, trucking, trade processing	42,134	1.3	2.82%
Life Sciences (RES Pilot Cluster)	Research, development, mfg, etc.	18,804	1.3	4.02%
Specialty Food	Fish, other	15,166	1.8	3.12%
Wood Products	Timber, finished products	15,135	1.0	2.73%
Long Term Care	Elder care facilities	12,999	1.4	4.80%
Electronic Shopping	Online sales	5,348	1.6	7.39%
Boat Building	Fishing, work boats, yachts	3,303	1.8	1.28%
Environment & Alternative Energy (RES Pilot Cluster, Emerging Cluster)	E.g., solar and services	2,845	1.3	3.74%
Sound Recording (Emerging Cluster)	Digital sound and animation	1,464	1.5	2.87%
Total cluster-related employment		512,332 (about 29% of jobs in region)		

**If production occurs at the same location as a head office, employment can be underestimated in a cluster: e.g., Microsoft head office employment, estimated at 28,000, is not fully accounted for in the IT cluster, and some of this employment is likely counted in "Head Office" cluster.*
Source: "Reality Check: Puget Sound and the Challenge of Competitiveness," Economic Competitiveness Group, November 2004, http://www.prosperitypartnership.org/summit/realitycheck.pdf. 2001 was the most recent year allowing national comparisons. Employment estimates are from Global Insight's proprietary U.S. Business Demographics Database, which is based partially on U.S. Census Bureau's County Business Patterns information. Global Insight is also the source of growth rate forecasts.

The largest industry cluster in the Puget Sound region for which rapid national output growth is forecast is the Information Technology cluster, which is also an RES pilot cluster. According to the analysis done for the RES, there were 88,341 jobs in the region in this cluster, even without the Microsoft head office employment captured in the Head Office cluster. **This analysis identifies the Information Technology cluster as a regional economic and employment engine on par with Aerospace Manufacturing.**

At 1.5, the Puget Sound region's employment concentration ratio in Information Technology suggests that this region has enjoyed some significant advantage over the nation as a whole in generating IT jobs. However, the IT employment concentration ratio is low enough that the Puget Sound region needs to be proactive in keeping this lead from eroding vis-à-vis other regions.

Along with Life Sciences, which was selected as an RES pilot cluster, Long Term Care, Electronic Shopping, and Environment and Alternative Energy (another pilot cluster) are other Puget Sound industry groupings for which above average national growth is anticipated. Levels of employment in these clusters are relatively small, particularly for the Environment and Alternative Energy—hence its designation in the RES as an emerging cluster. The Economic Competitiveness Group has dubbed IT and these smaller clusters as "stars" for having both high employment concentrations in the region as well as a healthy forecast.

Other "mature" Puget Sound clusters besides Aerospace Manufacturing with large amounts of employment regionally, but with at least somewhat lower national forecast rates of growth are Tourism, Military, Business Services, Head Offices, and Logistics and International Trade. Logistics and International Trade rounds out the list of five RES pilot clusters. This set of industries includes sea and airports, and trucking and trade processing businesses, which contributed about 42,000 jobs to the region in 2001.

Tourism and Wood Products are considered challenges as their region's employment concentrations in these clusters are only slightly over the nation's (although the regional concentration of tourism jobs is increasing) and because these industry's growth projections are below that for the economy as a whole.

Regional Economic Strategy Clusters in Bellevue

This section examines Bellevue-located businesses and jobs within the Regional Economic Strategy clusters and identifies how concentrated clusters are in Bellevue as compared to in the region and in the nation. The aim is to provide insights into industry clusters in Bellevue and to help inform Bellevue's ongoing participation in the RES.

The majority of the analysis in this section is on the five pilot clusters identified in the RES: Information Technologies, Aerospace Manufacturing, Life Sciences, Logistics and International Trade, and Environment and Alternative Energy. Following the summary job and employment concentration statistics for the clusters, this section provides sketches of the industries and businesses located in Bellevue for each of the five focus clusters. Sketches for the Business Services and Tourism clusters are also provided because these clusters have a substantial presence in Bellevue.

The Bellevue comparative analysis in this section by necessity relied on covered employment figures rather than on the RES consultants' database. This is because only the covered employment figures are available locally.[6, 7] (As described in the Employment chapter, covered jobs are those covered by unemployment insurance.) The Bellevue comparative analysis for the clusters is based on 2001 to be consistent with the timeframe used by the RES consultants and because 2001 provided the latest available data for national comparisons. The dataset used here and the dataset used by the RES consultants *generally* yield similar patterns, however the employment figures and concentration ratios derived are somewhat different.

Summary Employment Statistics for RES Clusters

The adjacent table shows the number of covered jobs and business locations in Bellevue in the year 2001 for each of the RES clusters. The figures are limited to business locations that could be geocoded. Actual covered employment figures are likely somewhat higher than figures shown here.[8] (The analysis is also limited to employment in private establishments, in this case meaning non-governmental employment. The RES Military cluster is not included in this analysis.)

About 22 percent of Bellevue's private covered jobs fall into the five RES pilot clusters based on 2001 covered employment. This is somewhat larger than the 19.5 percent share regionally, due primarily to the stronger concentration of IT jobs in Bellevue. In Bellevue, 17.6 percent of covered jobs are in the IT cluster.

The additional nine RES clusters examined in the Bellevue-comparative analysis comprised about 13,000 additional jobs, or another 13 percent of Bellevue's private covered employment. **Most of Bellevue's jobs in the other nine clusters were in Tourism and Business Services. These two clusters represent 6.5 percent and 5.0 percent of Bellevue's jobs respectively, which, after IT, are the largest of the RES clusters in Bellevue.**

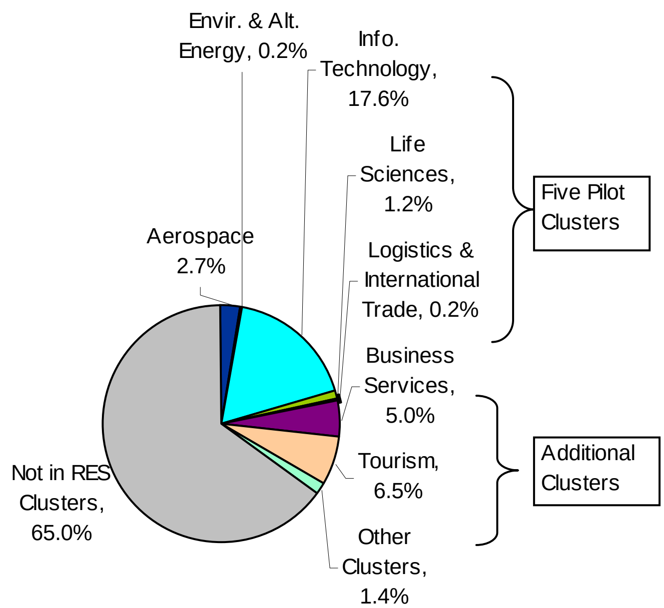
Both the Bellevue and the regional total shares of jobs falling into the RES clusters were significantly higher than shares nationwide. (See pie charts on next page.) High region-to-nation employment concentration ratios were of course part of the selection criteria for the regional clusters.

Bellevue Covered Employment
Regional Economic Strategy (RES) Clusters
2001

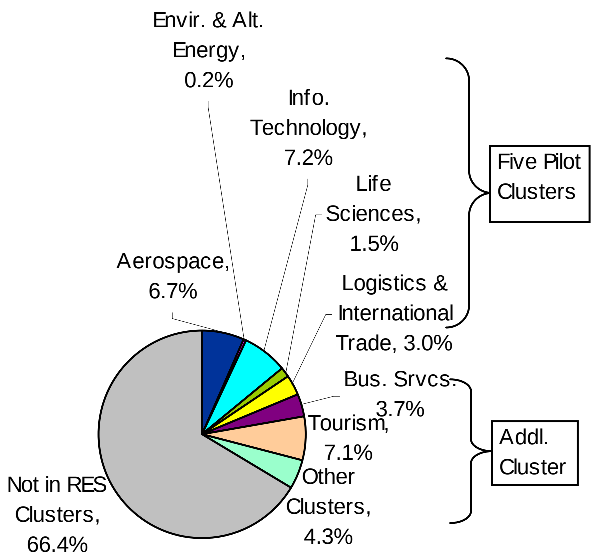
RES Pilot Clusters	
Information Technology	**18,106 jobs** = 17.6% of Bellevue jobs 551 business locations
Aerospace Manufacturing	**2,815 jobs** = 2.7% of Bellevue jobs 7 business locations
Life Sciences	**1,282 jobs** = 1.2% of Bellevue jobs 289 business locations
Environment & Alternative Energy	**252 jobs** = 0.2% of Bellevue jobs 12 business locations
Logistics & International Trade	**244 jobs** = .02% of Bellevue jobs 26 business locations
Subtotal for Pilot Clusters	**22,699 jobs** = 22.0% of Bellevue jobs
Additional RES Clusters	
Tourism	**6,709 jobs** = 6.5% of Bellevue jobs 216 business locations
Business Services^	**5,198 jobs** = 5.0% of Bellevue jobs 214 business locations
Long Term Care	**531 jobs** = 0.5% of Bellevue jobs 35 business locations
Specialty Foods	**485 jobs** = .5% of Bellevue jobs 24 business locations
Wood Products	**180 jobs** = .2% of Bellevue jobs 17 business locations
Electronic Shopping	**207 jobs** = .2% of Bellevue jobs 11 business locations
Head Offices	Data suppressed (due to confidentiality requirements)
Sound Recording	Data suppressed (due to confidentiality requirements)
Boat Building	**0 jobs** = 0.0% of Bellevue jobs 0 business locations
Subtotal for Additional Clusters	**13,399 jobs** = 13.0% of Bellevue jobs
Total for Fourteen Clusters	**36,098 jobs** = 35.0% of Bellevue jobs

^The Business Services cluster is defined differently in the RES clusters analysis than in the remainder of the Bellevue Economic Profile.
Additional notes: 2001 data used for consistency with timeframe of analysis by RES consultants. Employment estimates in this table exclude governmental jobs and are limited to jobs in business locations that could be geocoded. The actual numbers of covered jobs in Bellevue for each cluster are likely somewhat higher than numbers shown. RES Military cluster is not included in this analysis.
Source: Puget Sound Regional Council

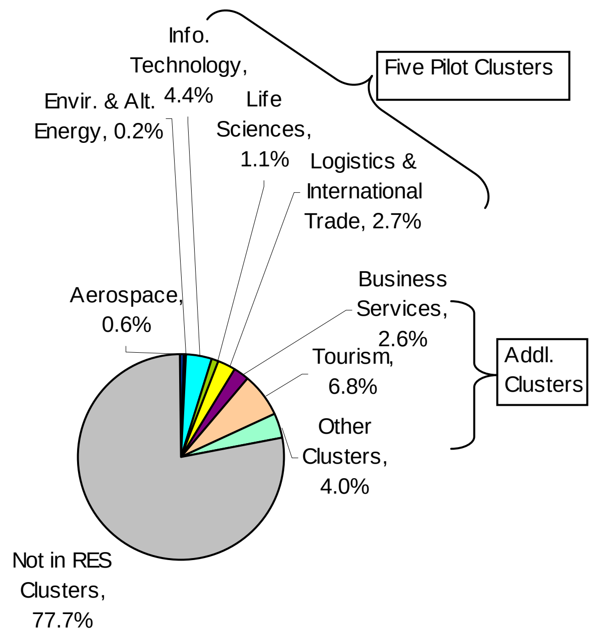
Bellevue Jobs in RES Pilot Clusters (Private Ownership) 2001



Puget Sound Region Jobs in RES Pilot Clusters (Private Ownership) 2001



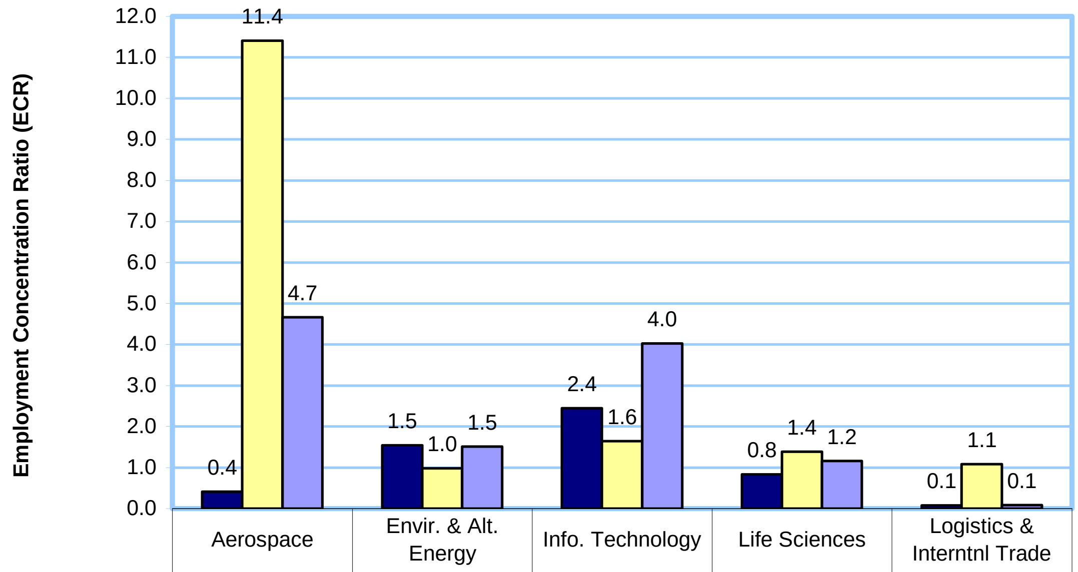
United States Jobs in RES Pilot Clusters (Private Ownership) 2001



Sources: Puget Sound Regional Council; U.S. Bureau of Labor Statistics

The charts below and on the next page show the cluster employment concentration ratios (ECRs) for Bellevue relative to the Puget Sound region and for Bellevue relative to the nation. To provide context, ECRs for region relative to the nation are also shown. The first chart shows ECRs for the five pilot clusters and the second shows ECRs for the other clusters for which covered employment data is available.

Employment Concentration Ratios (Private Establishments) for Five Pilot Clusters in Regional Economic Strategy 2001



	Aerospace	Envir. & Alt. Energy	Info. Technology	Life Sciences	Logistics & Interntnl Trade
Bellevue to Region	0.41	1.54	2.44	0.83	0.08
Region to Nation	11.40	0.98	1.65	1.39	1.08
Bellevue to Nation	4.66	1.51	4.02	1.16	0.09

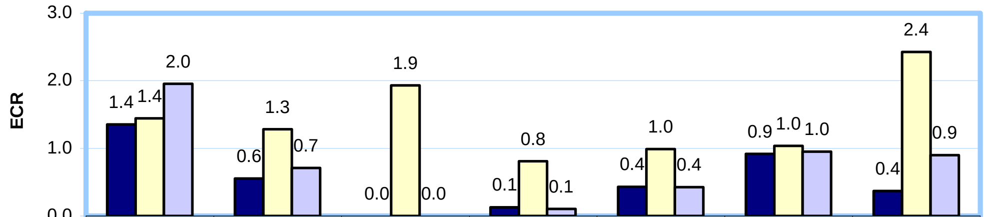
Sources: Puget Sound Regional Council; U.S. Bureau of Labor Statistics

The pilot clusters with the largest number of jobs in Bellevue are Information Technology with about 18,000 jobs, followed by Aerospace Manufacturing with 2,815 jobs. Examining employment concentration ratios for Bellevue compared to the nation (4.0 for Information Technology and 4.7 for Aerospace Manufacturing) indicates that **Bellevue has a strong competitive edge compared to the nation in both of these industry clusters.** While concentrations of employment in both of these clusters is much higher in Bellevue than in the nation, the Aerospace Manufacturing cluster is much less concentrated in Bellevue than in the region while IT jobs are somewhat more concentrated in Bellevue than in the region. **Bellevue's strength relative to the nation in the Aerospace Manufacturing cluster is due to its location in a region for which aerospace is a particularly important presence, yet Bellevue enjoys a competitive advantage in the IT cluster that is even stronger than the region's.**

The following chart shows employment concentration ratios for the seven additional RES clusters for which Bellevue covered employment data is available. Of these additional clusters, Business Services and Tourism are of special interest, because they contribute a large number of jobs in Bellevue.

- **In addition to providing about 5,200 jobs in Bellevue, Business Services is also a cluster in which Bellevue has a competitive advantage even within the Puget Sound region,** which itself has an edge relative to many communities nationally.
- **While Bellevue has only a middling concentration of Tourism-related jobs, these business activities (mostly restaurants, hotels, and travel agencies) provide an impressive 6,700 jobs in Bellevue.**

**Employment Concentration Ratios (Private Establishments)
for Additional Clusters in Regional Economic Strategy
2001**



	Business Services	LT Care	Boat Building	Wood Products	Specialty Foods	Tourism	Electronic Shopping
Bellevue to Region	1.36	0.56	0.00	0.13	0.43	0.92	0.37
Region to Nation	1.44	1.28	1.93	0.81	0.99	1.04	2.43
Bellevue to Nation	1.96	0.71	0.00	0.10	0.43	0.95	0.90

Sources: Puget Sound Regional Council; U.S. Bureau of Labor Statistics

Thus, along with the five focus clusters, both Business Services and Tourism are important clusters for Bellevue and will be examined in greater detail in the sketches within the remainder of this chapter. *Readers need to be aware that Business Services cluster is much differently defined for purposes of the Regional Economic Strategy than the Business Services sector is in the rest of the profile.* See the discussion regarding this cluster for more details.

The pictures of the various clusters' presence in the local and regional economy drawn in this analysis are approximations. Because it has been narrowly defined in the RES analysis, figures for the Business Services cluster likely underestimate the role that Business Services firms play in the regional and local economy. The Business Services cluster is also defined very differently in the RES analysis than is the Business Services sector in the rest of this profile. Also, in the case of clusters not customarily identified as sectors of the economy, e.g., Environment and Alternative Energy, the employment estimates may only reveal a subset of jobs with an underlying relationship to those clusters.

Cluster Sketches for Bellevue

In the cluster sketches below, covered employment data is supplemented with listings from other sources including InfoUSA's database of businesses,[9] the *Puget Sound Business Journal Book of Lists*, local newspaper articles, corporate contacts and corporate web sites. The City of Bellevue is not a primary source of specific business data. Any figures given related to individual companies are rough estimates. Clusters with the numbers of jobs in Bellevue are analyzed first. (Appendix B provides detailed-level industry group data for each cluster included in the sketches below. This includes the number of jobs and business locations, both regionally and for Bellevue, by industry group.)

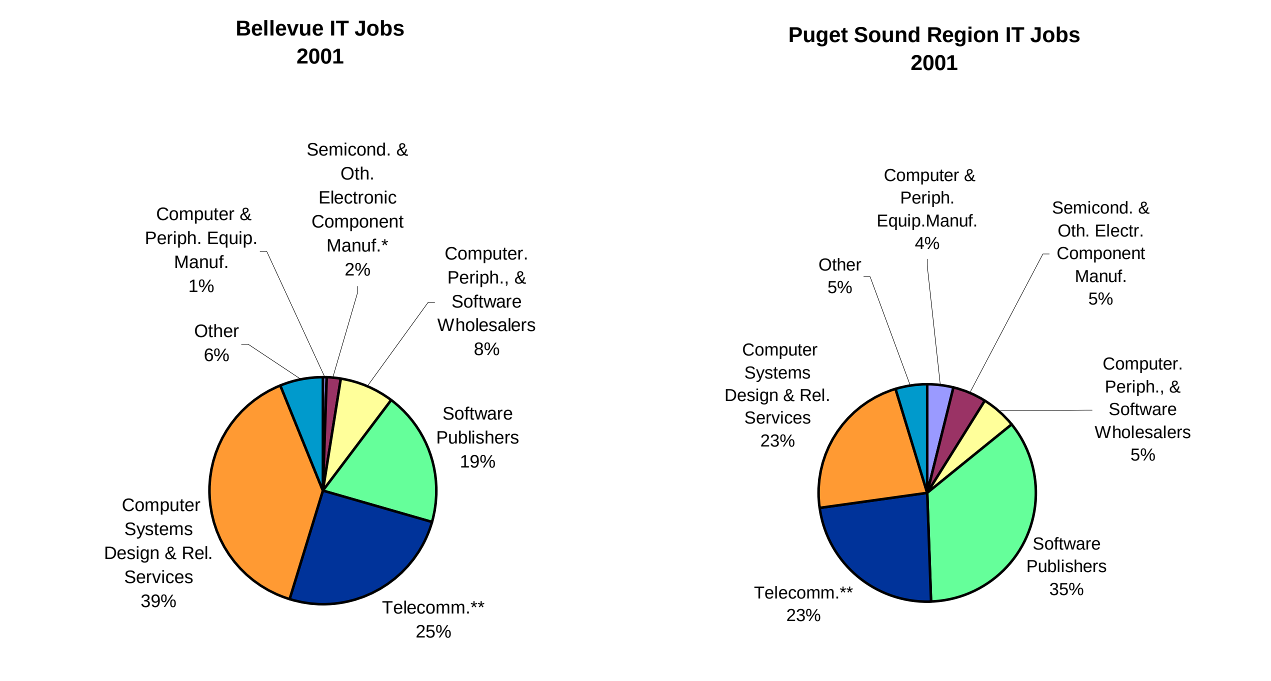
Each of the clusters analyzed for Bellevue are primarily made up of business locations with fewer than 20 employees each. This finding underlines the critical role that small businesses play in these clusters. The *Book of Lists* ranking of fastest growing private companies, as cited in the sketches below, includes several examples of small to medium sized businesses in Bellevue that are helping to fuel the growth of the regional economy.

Information Technology Cluster

Of the RES pilot clusters, the Information Technology (IT) cluster has the largest presence in Bellevue with about 18,000 jobs at 551 business locations in the city. Jobs in the IT cluster of industries represent almost 18 percent of Bellevue-located employment.

The share of jobs that the IT cluster represents in Bellevue is over two times the share of jobs that this cluster represents in the region as a whole and slightly over four times the share of jobs that IT employment comprises in the nation as a whole. These employment concentration ratios indicate that **Bellevue enjoys a special strength in IT in a region that itself has a competitive advantage relative to many regions in the nation.**

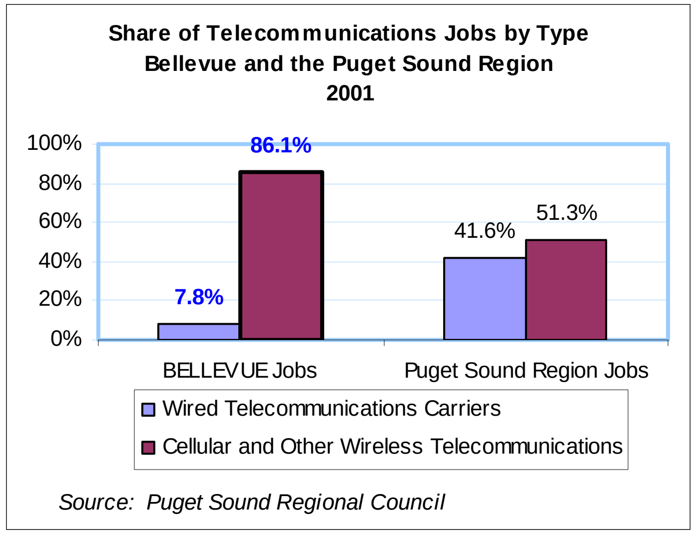
The pie charts below show the composition of Information Technology cluster jobs by industry group in Bellevue and in the region.



**Semiconductor etc. manufacturing does not include electronic resistor manufacturing.*
***Telecommunications does not include cable and other program distribution.*
Source: Puget Sound Regional Council

Both regionally and in Bellevue, jobs in Computer Systems Design, Software Publishing, and Telecommunications together make up more than 80 percent of IT employment. In Bellevue's mix, Computer Systems Design jobs are comparatively more dominant and Software Publishing jobs less prevalent.

- Jobs in Computer Systems Design and Related Services make up 39 percent of the approximately 18,000 IT cluster jobs in Bellevue, and almost a quarter of the 96,000 IT cluster jobs in the region. In addition to industries working with computer hardware, the Computer Systems Design and Related Services grouping also includes industries writing supporting software to meet the needs of a particular customer; designing computer systems that integrate hardware, software, and communication technologies; and on-site management of clients' computer systems.
- **Telecommunications makes up the second most common type of IT employment in both Bellevue and the region**, representing about a quarter of IT jobs in both geographies. Cellular and other wireless telecommunications represent a large majority of Telecommunications jobs in Bellevue, but only slightly more than half of Telecommunications employment in the region. In fact, **over a third of the region's 9,300 cellular and wireless industry jobs are in Bellevue.**



- **Software Publishing constitutes more than one third of the region's IT jobs, but only about one fifth of Bellevue's IT jobs. However,** because Bellevue has a significantly stronger overall concentration of IT jobs relative to the region, **Bellevue's concentration of Software Publishing jobs relative to overall jobs in the city is actually higher than the region's.**

The fact that IT businesses employed more people in Bellevue than in any other RES cluster is due in large part to the presence of several companies whose local employment counts topped over one hundred each. These Bellevue-based companies are also among many of the top IT firms in the Puget Sound region. **However, there are also many small IT companies in Bellevue, many of which are relatively recent start-ups.** As is the case with the other clusters, at least 70 percent of IT firms located in Bellevue appear to have fewer than 20 employees.

Bellevue's regional prominence in wireless telecommunications is based in part on the presence of T-Mobile U.S.A. and Western Wireless Corporation headquarters in Bellevue. The Cellular One brand owned by Western Wireless has a specialty in providing communications to small rural markets and wireless telecommunication services in the western United States. Western Wireless also has international operations in several countries, including Europe, South America and Africa. Per company estimates, the number of employees in Bellevue working for Western Wireless is about 350, while the number working locally at T-Mobile is about 2,000. Both of these locally grown companies have been or are currently being affected by the trend in the wireless industry toward consolidation (see sidebar below).[10] There is also a trend toward consolidation in the overall telecommunications industry, the latest example of which was the acquisition of AT&T Corp. by SBC Communications Inc.

Western Wireless was identified as among both the largest and fastest growing of *all* Puget Sound publicly traded companies in the two most recent annual editions of the *Book of Lists* published by the *Puget Sound Business Journal*. In the journal's industry-specific ranking of Telecommunications Providers, Western Wireless was most recently the 4th largest, based on number of Puget Sound area employees.

Bellevue is also home to a regional office of Verizon Wireless with 2,000 employees

Significant numbers of Bellevue-based firms are also listed among software and web-related IT industry rankings for the region published in the *Puget Sound Business Journal Book of Lists.* Bellevue-based companies include:

- **Eleven of the top 25 software developers (ranked by revenues)**
- **Four of the top 25 web developers (ranked by number of web developers)**

T-Mobile USA, formerly VoiceStream Wireless, was bought in 2001 by Deutsche Telekom's. T-Mobile USA continues to be based in Bellevue, but is now part of the German company's international T-Mobile unit.

At the beginning of 2005, Alltel, the United States' sixth-largest wireless company, which is based in Little Rock, announced that it is buying Western Wireless. The CEO of Western Wireless has been quoted in the media that while some layoffs are likely, the "vast majority" of Western Wireless's approximately 4,000 employees will not face layoffs and the international business headquarters in Bellevue and the call center in Issaquah will be "completely unaffected." (There are currently about 350 Western Wireless employees in Bellevue and a somewhat higher number in the Issaquah call center.) The purchase of Bellevue-headquartered Western Wireless is not the only recent instance of a merger in which an Eastside Puget Sound company has lost wireless business headquarters status. Cingular Wireless kept its corporate headquarters in Atlanta after its 2004 acquisition of Redmond-based AT&T Wireless.

Bellevue companies in the top ten revenue-producing software developers listed in the *Puget Sound Business Journal Book of Lists* are Infospace, a publicly traded company that markets online search products and applications for delivery of wireless content; Captaris, which provides business information delivery solutions to a wide range of markets; Areva T&D Corp., which provides information systems to support the operation of energy industry infrastructure and markets; and Onyx Software which provides customer relationship management software. Bellevue companies among the region's ten software developers each had revenues in excess of $50 million in 2003 and each employ at least 100 persons in Bellevue. Other Bellevue-based firms that were identified in the *Book of Lists*' top 25 software developers and that provide 100 or more jobs in Bellevue include B-Square Corp and Solutions IQ.

Bellevue is also home to large and prominent companies in other segments of the IT industry. Attachmate Corporation is a supplier of services and software for enterprise and management systems. It has about 700 employees total, 200 to 300 of whom work at its headquarters in Bellevue. Attachmate was listed in the most recent *Book of Lists* as one of the largest private companies in Washington (with a rank of 61st). IT employers in Bellevue also include regional branches or offices of several national and international IT companies including Hewlett-Packard (HP), Cisco Systems Incorporated, and Oracle.

Several additional Bellevue-based companies with an integral IT component to their services also appear in the *Book of Lists* rankings of the fastest growing 100 private companies in Washington in any industry. Examples appearing in the most recent *Book of Lists* ranking of fastest-growing private companies, based on revenue growth between 2001 and 2003, are 180Solutions, an online search marketing firm; and Ascentium Corp., a technology and marketing consultancy providing services such as application development, network infrastructure, and web design. Bellevue-based IT employers also include many single-location businesses. While fast growing, most of these are relatively small companies and many are also relatively new firms.

Bellevue is also home to several prominent e-commerce companies, which—while falling outside the Regional Economic Strategy's definition of the IT cluster—are linked closely with this cluster. Bellevue is home to the online pharmacy, beauty and health product retailer drugstore.com, inc., and is also the main location of on-line travel agency Expedia Inc. a subsidiary of IAC/Inter-Active Corp.[11] Both drugstore.com and Expedia have been among the largest and fastest growing public companies appearing in recent volumes of the *Book of Lists*. Drugstore.com employs about 250 at its Bellevue headquarters, which is in the process of moving from Factoria's Sunset Corporate Campus to Downtown Bellevue. IAC/Inter-Active Corp. acquired Expedia in 2003 as a wholly owned subsidiary, but is planning to spin off Expedia and other parts of its travel group including Expedia.com, Hotels.com, Hotwire and the group's other travel sites. This will be the largest U.S. travel Web site. The headquarters will once again be in Bellevue according to an article appearing in the *Seattle Times*. Currently, Expedia has about 1,000 employees in Bellevue. Some e-commerce companies such as drugstore.com likely fall into the Electronic Shopping category which is another cluster in the RES. Expedia also has links with the Tourism cluster.

The importance of the IT cluster to Bellevue's prosperity is an impetus for the involvement of a wide range of Bellevue employers, institutions, and organizations in the RES cluster working group focusing on this cluster. The IT working group participants located in Bellevue also illustrate the local strength and breadth of this cluster. Among those participating are leaders from large IT companies including Infospace, Attachmate, and Oracle; from Bellevue-based firms such as Aditi and Noetix, which also have international operations; and from smaller and/or newer Bellevue-based IT firms such as TeleSym, Avidian, SeaTab and Wireless Ingenuity; large business services firms; the Bellevue Chamber of Commerce; City of Bellevue; the National Workforce Center for Emerging Technologies at BCC; and RATEC, which is a regional nonprofit focused on enhancing technology-related education and workforce development.

Expanding access to and improving workforce training for IT and other high-wage and high-demand clusters is among the key strategies in Washington State's workforce development plan.[12] Surveys of Washington companies indicate that IT is also still one of the sectors in which employers have the most difficulty finding qualified job applicants. **Training and education for IT is a key interest for Bellevue as IT is an especially strong and high wage cluster for this city.**

Retaining and recruiting high-technology and other high-wage paying businesses are also key goals for the Bellevue Economic Partnership (BEP), which was created in 1997 by the Bellevue Chamber of Commerce, the City of Bellevue, the Bellevue Downtown Association, and the Port of Seattle, in alliance with local business leaders.

Tourism Cluster

Tourism is a broad industry cluster that includes businesses and organizations providing arts and visitor recreational services; traveler accommodations; and also dining establishments. Specific types of industries in the cluster are sightseeing and other transportation services; travel agencies and tour operators; travel arrangement and recreation services such as convention centers and visitors bureaus; performing arts companies; spectator sports; recreational sites such as museums, zoos, botanical parks, and historical sites; amusement parks and arcades; hotels and other traveler accommodations; full-service restaurants; and drinking places.

Of the more than a dozen regional clusters the Regional Economic Strategy identified, Tourism is one of the top three clusters in terms of number of jobs in Bellevue. Bellevue's employment concentration for the Tourism cluster is slightly below that of the region and nation (Bellevue-to-region ECR of .92 and Bellevue-to-nation ECR of 96.) Yet, as noted, businesses in this cluster provide a large number of jobs in Bellevue: 6,709 jobs in 2001.

The largest portion of both the region's and the city's Tourism cluster employment is in full-service restaurants. In Bellevue, full-service restaurants represent 43 percent of Tourism cluster employment, and drinking places represent another 1 percent. In the region as a whole these proportions are higher: 55 percent plus another 5 percent. Traveler accommodations and travel arrangement and reservation services, on the other hand, represent larger proportions of Bellevue's than the region's tourism jobs. Traveler accommodations (mainly hotels) represent 25 percent of the Bellevue's tourism-related jobs; compared to 16 percent for the region. Travel arrangement and reservation services (mainly travel agencies) are 15 percent of Bellevue's tourism-related employment, compared to 6 percent of regional tourism-related jobs.

One third of the Puget Sound area's 15 largest travel agencies in 2003 (ranked in the *Puget Sound Business Journal Book of Lists* by gross sales for Puget Sound area offices) have their headquarters or main Puget Sound region offices in Bellevue. The on-line travel agency Expedia Inc., which as previously noted will once again be headquartered in Bellevue (after this originally Bellevue-based company is spun off from its 2003 acquirer IAC/Inter-Active Corp), claimed the top spot in the *Book of Lists* rankings of travel agencies. Expedia's web site indicates that it is now the fourth largest travel agency in the U.S. Expedia is also one of the largest Bellevue employers in any tourism-related enterprise, with about 400 employees locally. Other travel agencies in Bellevue include branches of Travizon and AAA Travel and single-location Stellar Travel and Executive Travel Consultants.

Bellevue's hotels largely cater to business travelers given that business travelers represent the vast majority of local hotel stays. Hotels here include both those on the high-end of the spectrum as well as discount and extended-stay franchises. Several Bellevue hotels are in locations along the Eastgate corridor or adjacent to Microsoft's Campus. However, sites along and near 112th Avenue have been the most popular locations for hoteliers to locate given the easy access they can offer their guests to both I-405 and downtown facilities and amenities, including those of the Meydenbauer Convention Center.

Five of the 25 largest hotels in the Puget Sound region as ranked in the *Book of Lists* (by number of guest rooms) are located in Bellevue. The twenty-four story Hyatt Regency, which is located downtown adjacent to the Bellevue Square, and the Double Tree, which is just east of Downtown Bellevue on 112th Ave S.E., are the two largest hotels in Bellevue. Each has over 300 rooms, close to 20,000 square feet of meeting space, and more than 200 employees. Rounding out Bellevue's other five largest hotels are the Bellevue branch of the Embassy Suites chain with its 240 all-suite rooms in the Eastgate Corporate Corridor, and the somewhat smaller Ramada Inn and Red Lion Inn, both of which are along 112th Avenue. While not appearing in the *Book of Lists*, the Bellevue Club Hotel, also located along 112th Avenue but further south than many of the other hotels on that street, employs more than 300 workers and specializes in upscale visitor lodgings.

Bellevue's Meydenbauer Center is the second largest convention facility in the Seattle area.[13] The center—which primarily hosts groups of 400 to 3,000—is a venue for conventions, corporate meetings, and consumer shows, and also includes a 410-seat theatre. Meydenbauer Center's activities help bring business travelers to Bellevue and support other tourism cluster industries in and around Bellevue. In the ten years since opening in September 1993, the Center has generated economic impact valued at nearly $188 million and contributed an annual average of $500,000 to the local tax base. However, between 1998 and 2002 Meydenbauer hosted only about half as many conventions annually as compared to the numbers the center was attracting in the years shortly after its opening.

In 2003, a study conducted by PriceWatershouseCoopers recommended that coordinated destination marketing in Bellevue focus on meeting and convention group business with potential to use Meydenbauer Center.[14] The City of Bellevue has been exploring ways to expand the center and encourage the development of a (400+ plus room) headquarters hotel next to the center to allow it to compete more successfully with other similarly-sized cities for convention and trade-related activities. The City of Bellevue's other recent efforts to enhance tourism include joining in sponsoring an Advisory Committee looking into re-establishing a Convention and Visitors Services Bureau to replace the East King County Convention & Visitors Bureau that shut down in 2002 due to financial reasons.

Only a small proportion of tourists staying in Bellevue hotels come on leisure travel. Also, many of the leisure visitors staying in Bellevue hotels actually spend much of their time in Seattle, according to the PriceWatershouseCoopers study. The study found that **one of the main local attractions drawing leisure visitors to *Bellevue* is Bellevue Square**, which is a premier regional shopping center located in Downtown Bellevue (which along with other retailers is not included in the Tourism cluster). However, Bellevue also offers a mix of cultural and outdoor recreational resources that bring regional as well as local visitors.

Meydenbauer Center's theater provides a venue for a wide range of local performing arts such as Ballet Bellevue, Bellevue Civic Theatre, Bellevue Opera, Bellevue Philharmonic Orchestra, and the Bellevue Youth Theatre Program; as well as for performers from outside the city. **The Bellevue Arts Museum is scheduled to reopen in June of 2005 with a revived focus on crafts.** (The museum had closed temporarily in 2003 so that its officers could reconsider the museum's mission and bring in additional funding.) The smaller Rosalie Whyel Museum of Doll Art continues to offer a unique destination for doll enthusiasts.

Bellevue's ample supply of parks, natural areas and recreation areas provides recreation for visitors to the area as well as being an essential contributor to residents' and local employees' enjoyment of the city. The city's image, commonly quoted by tourist agencies and real estate agents, is a "City in a Park." This moniker is based on the approximately 90 parks and 50 miles of trails in Bellevue, most of which are operated by the City of Bellevue. One popular site is the Bellevue Botanical Garden, home to 36 acres of natural woodlands, wetlands, meadows, and display gardens. Nearby Kelsey Creek Park is best known for housing Kelsey Creek Farm. The city also offers year-round golfing at its nine-hole Crossroads Par 3 Golf Course and 18-hole Bellevue Golf Course, and features both covered and uncovered moorage at the Bellevue Marina at Meydenbauer Bay on Lake Washington.

Business Services Cluster

Analysis of geocoded covered employment reveals that Bellevue has 214 business locations with 5,198 in Business Services, while the region has about 2,000 business locations in this cluster with almost 50,000 jobs. This translates into an employment concentration in Bellevue that is 1.4 times that of the region.

As previously mentioned, the Business Services cluster is defined *very* differently in the RES analysis than the Business Services sector is defined in the rest of the profile.[15] One of the biggest differences has to do with the fact that computer related and software industries are not included in the Business Services *cluster* as defined by the RES consultants. Some of the most dominant types of IT industries in the region, including the development of pre-packaging software and many computer related services, are by contrast, *included* in the Business Services industry subsector defined based on Standard Industrial Classification (SIC) coding which is highlighted in the other profile chapters including the Employment chapter.[16] Also, several of the industries that are part of the Business Services cluster in the RES are not in the SIC-defined Business Services subsector.

Business Services is also defined quite narrowly in the RES, which appears to underestimate this cluster's importance to the regional and local economy. The Business Services cluster in the RES includes insurance carriers, architectural services, engineering services, marketing consulting services, advertising agencies, public relations agencies, and market research agencies. However, some professional, scientific, and technical services—even those closely related to the business above—are excluded from the cluster. Examples of industries *not* included are insurance brokerages, landscape architecture, geophysical surveying and mapping services, management consulting, human resources consulting services, and media representatives. Many of the industries not included also have strong employment concentrations in Bellevue relative to the region and nation. **A more broadly defined Business Services cluster would include a larger number of jobs both regionally and in Bellevue.**

In Bellevue, Engineering Services are an especially substantial portion of the Business Services cluster, with 2,437 jobs or 46.9 percent of this cluster's employment in Bellevue. Region wide, about a quarter of the employment in this cluster consists of engineering jobs. This comparison indicates that Bellevue likely has a particularly strong specialty in engineering compared with both the nation and the rest of the region, even beyond its advantage in the cluster as a whole. Architectural services are also a somewhat larger proportion of Business Services cluster jobs in Bellevue (15.0 percent) than in the region (10.6 percent). The remaining portion of the cluster's employment both in Bellevue and the region is spread between professional services industries including marketing, advertising, public relations, and marketing.

Bellevue's strength in the Business Services is apparent from the top rankings Bellevue-located firms have garnered in recent years. Of the largest firms in their trade, according to the *Puget Sound Business Journal Book of Lists,* Bellevue-located firms *are*:

- **Six of the 25 top engineering firms (ranked by billings for area offices),**
- **Three of the 25 top architecture firms (ranked by billings for Puget Sound area), and**
- **Two of the 15 top public relations firms (ranked by revenue for area offices).**

Some of these firms have their corporate headquarters in Bellevue. Others are national or international firms with their main regional office located in Bellevue. Some are single-location firms with their only offices in Bellevue.

Each of the six engineering firms brought in over ten million dollars in billings in 2003. Most of these firms have been ranked in the top 25 for multiple years. Montgomery Watson Harza, a fast-growing company (specializing in power, water, and wastewater issues) is one of the largest engineering firms in the Puget Sound region. HNTB Corporation focuses primarily on transportation and architecture markets. HDR Engineering Inc., with its specialties in transportation, structural, and civil engineering, recently completed work on Bellevue's NE 8th St. bridge. Other companies ranking among the engineering firms with the largest billings include David Evans and Associates, Washington Group International, and Earth Tech Inc. Several of these engineering firms have offices in many states and countries, with local Bellevue offices primarily focused on projects in the Puget Sound region and other northwest locations.

Bellevue's three architecture firms ranking in the *Book of Lists* took combined billings above $60 million in 2003. Bellevue-based MulvannyG2 Architecture, which ranked third in the entire list of 25, provides architectural, interior design, and business services on an international basis. The firm has about 350 employees in its five offices in the United States and China, with about three-quarters of its staff in the firm's Bellevue headquarters. Also appearing in the *Book of Lists* is Freiheit & Ho Architects Inc. PS, both of which offer architectural, planning and interior design services.

While the largest regional advertising agencies tend to be in Seattle, two Bellevue-located firms are listed the largest public relations firms in the Puget Sound including, Waggener Edstrom, which is the largest. Waggener Edstrom has approximately 200 Bellevue employees and operates offices elsewhere in the United States as well as in several European cities. Also ranking in the *Book of Lists* is a branch of SSK Inc., a full-service public relations and marketing firm.

According to InfoUSA, the Business Services cluster employer in Bellevue with the largest number of Bellevue employees is an insurance company—Unigard Insurance Corporation, which has about 400 employees in Bellevue. Headquartered in Bellevue, this 100-year old enterprise is now a regional multi-line property and casualty insurer, marketing through agencies in approximately 600 locations in the western U.S. The upcoming move of Symetra Financial's headquarters to Bellevue in the summer of 2005 will bring 1,000 additional employees to Bellevue and add to this city's concentration in insurance and financial services companies. Bellevue employers are also among three of the top insurances brokerages ranked in the most recent *Puget Sound Business Journal Book of Lists* by premium volume.

Multinational engineering firm CH2M Hill's Bellevue branch has the second largest number of Bellevue employees in this cluster with 300 to 400 local workers offering engineering, construction, operations, environmental, and other related services.

Still, as with other industry clusters, Business Services companies appears to be heavily dominated by single-location firms, and also by small businesses. Nearly 85 percent of the Business Services establishments in Bellevue listed by InfoUSA employ fewer than twenty people each.

Bellevue's Business Services firms play an important role in supplying services to other firms within the Puget Sound region. The rapid growth of key industry clusters in the Puget Sound region—including but not limited to Information Technology—has been a fundamental driver in the growth of local Business Services firms—both large and small. **However, many of the large Business Services firms headquartered and otherwise located in Bellevue also serve clients nationally and internationally—** as evidenced by the comparatively high concentrations of Business Services jobs in Bellevue and illustrated in the descriptions above of some leading Bellevue business service firms.

Aerospace Manufacturing Cluster

Jobs in the Aerospace Manufacturing cluster are less than half as concentrated in Bellevue as in the region as a whole, accounting for 2.7 percent of jobs in Bellevue, and 6.7 percent of jobs regionally. Still, the region-to-nation employment concentration ratio in the Aerospace Manufacturing cluster is *so* high that Bellevue's employment concentration ratio for this cluster is almost four times as great as the nation's.

While the Aerospace Manufacturing cluster's presence is not as strong in Bellevue as in other areas within the Puget Sound region, this cluster encompasses close to 3,000 jobs at seven Bellevue locations. Bellevue's 3,000 jobs directly in Aerospace Manufacturing cluster plus the multiplier effect that aerospace jobs have in the larger regional economy, make this industry very important to Bellevue. For every aerospace job created in Washington an average of 1.3 to 2.0 jobs are created elsewhere in the state.[17]

The dominant strength of the Aerospace Manufacturing cluster employment in the Puget Sound region is, of course, related primarily to industry giant Boeing's aircraft manufacturing activities in the region. Covered employment in the Aerospace Manufacturing cluster comprised about 89,000 jobs in the Puget Sound region in March 2001. The manufacturing of aircraft, aircraft engines and other aircraft parts and auxiliary equipment makes up about 96 percent of the cluster's employment in the region. Most of the remaining fraction of Aerospace Manufacturing jobs regionally are involved in manufacture of search, detection, navigation, guidance, aeronautical, and nautical systems and instruments. Boeing maintains a very large presence in the Puget Sound region even though the company moved its main headquarters from the region to Chicago in 2001. The Puget Sound region is still home to Boeing's Commercial Airplanes division and several of Boeing plants. **Boeing remains, along, with Microsoft, one of the two largest firms driving the state and regional economy.**

The vast majority of Aerospace Manufacturing cluster employment in Bellevue is at the Boeing Shared Services Group (SSG), which is headquartered in Bellevue. The Shared Services Group integrates the operating infrastructure across Boeing. Some of the services SSG provides for the larger company include facilities management, travel, employee and staffing services, recruitment, transportation, non-production procurement, information technology systems and creative services. The Shared Services Group has about 2,800 employees in Bellevue with an additional 19,000 operating in 70 countries worldwide. According to Boeing, if the group were a stand-alone company, it would rank in the top 300 of the Fortune 500. SSG has, however, not been immune to layoffs precipitated by slowed aerospace markets.

With about 800 employees in Puget Sound (and almost 6,000 overall), the Bellevue-headquartered company Esterline Corp. had the third highest number of aerospace employees regionally in 2004, as identified in the *Puget Sound Business Journal's Book of Lists*. Esterline is a specialized manufacturing company for aerospace, defense markets and electronic equipment. Esterline's operations span 15 companies in eight states, as well as the United Kingdom and France. Most of Esterline's regional employees work at Korry Electronics, which is an Esterline subsidiary with its base and manufacturing facilities in Seattle. **A small amount of Esterline employment is in Bellevue.**

Other aerospace cluster companies in Bellevue appear to mainly be smaller firms, including single-location businesses and also branches of companies specializing in the manufacture or sales of search, detection, and navigation devices.

Life Sciences Cluster

The third of the Regional Economic Strategy pilot clusters with over 1,000 jobs in Bellevue is Life Sciences, with 1,282 jobs and 289 business locations in Bellevue. None of the largest 25 Biotech Companies ranked in the *Puget Sound Business Journal Book of Lists* are based in Bellevue. **While Bellevue is not home to concentrated hubs of biotech firms like those located in Seattle's South Lake Union or in Bothell, Life Sciences employment is only somewhat less concentrated in Bellevue than it is in the region as a whole. Additionally, Life Sciences jobs in Bellevue *are* somewhat more concentrated than they are nationally** (Bellevue-to-nation ECR of 1.2).

Competition for biotech and other life sciences industries is fierce. Many regions are anticipating that growing these industries in their localities will allow them to reap substantial economic development benefits due to the potential promise of new medicines, medical advances, and increasing demand associated with an aging population. **The Seattle-Bellevue-Everett metropolitan area ranked among the top handful of metropolitan areas in the recent Milken Institute's study that identified a relatively small number of regions that actually have the key combination of ingredients needed to create vibrant Biotech and Life Sciences clusters.**[18] According to this think-tank study, these ingredients include top-notch research facilities, a highly educated workforce, venture capital funding, experienced business managers, and proximity of related supplier networks.

The strength with which the Life Sciences cluster has established itself in the Puget Sound region stems largely from the region's highly educated population and the presence of world-class, leading edge research institutions, such as the University of Washington and the Fred Hutchinson Cancer Research Center. While Bellevue is across Lake Washington from these institutions, Life Science industries in Bellevue and elsewhere in the region still benefit greatly from their presence. **The growth of operations in Life Sciences and other High-Tech fields also generates work for other clusters important to Bellevue, including Business Services.**

Regionally, about 41 percent of Life Sciences jobs are in the research and development (R&D) industry classification, and in Bellevue the proportion of Life Sciences jobs that are in R&D is even higher at 57 percent. Smaller concentrations of jobs in individual industry groupings such as electromedical and electrotherapeutic apparatus manufacturing, medical, dental, and hospital supplies and equipment, and pharmaceutical manufacturing make up the rest of the region's Life Sciences jobs. The non-R&D jobs that are part of Bellevue's life science employment fall into a fairly similar profile, the major exception being that covered employment figures reveal no Bellevue jobs coded specifically in the pharmaceutical manufacturing group. Still, Bellevue is home to at least one *related* company: Based on its revenue, the *Puget Sound Business Journal Book of Lists* identifies Bellevue-based Scolr Pharma Inc. as one of the top 100 largest public companies in Washington. Scolr is a specialty pharmaceutical company with almost 40 region employees (per the *Book of Lists*) engaged in the development of controlled delivery technology for medications and nutritional health supplements.

In 2004, Bellevue Community College (BCC) received a grant of over three-quarters of a million dollars from the U.S. Department of Labor to create the National Center of Excellence in Bioinformatics, which will be one of five centers at community colleges across the nation focusing on the biotechnology workforce. A rapidly growing specialty within the biotechnology field, bioinformatics uses information science and technology to manage and analyze life sciences data. Bioinformatics specialists are typically engaged in gene and molecular studies and in drug research and development, with new applications emerging in bio-manufacturing and healthcare. Even before receiving this grant, BCC offered a certificate program in bioinformatics via its Continuing Education division. **The selection of BCC to host the national center adds to the contribution that the college is making to biotech labor force training in the region.** The director of the BCC Bioinformatics Center is one of the participants in the Life Sciences cluster working group of the RES.

All of the Life Sciences companies that InfoUSA lists as located in Bellevue have fewer than 100 workers in the city, revealing how this cluster's contributions in Bellevue stem primarily from relatively small businesses. This is not surprising given that research and development initiatives in biomedical product companies generally tend to begin as small ventures.

Some of the largest companies in Life Sciences based in Bellevue appear to be Clearmedical Inc., and Radiant Research. Clearmedical Inc., which disinfects and reprocesses medical devices for re-use, is one of the top ranking medical device manufacturers in the Puget Sound region, per the most recent *Book of Lists*. Radiant Research is a clinical research company that conducts biopharmaceutical clinical trials. While it employs nearly 1,000 people throughout its national network of clinical facilities, the number of staff at its Bellevue headquarters is under 50. Pacific Bioscience Laboratories is a smaller new company that was started by one of the founders of nearby Optiva Corp., and which is developing skin care therapeutic devices. However, single-location companies with small workforces appear to be the majority of life sciences employers in Bellevue.

Environment and Alternative Energy Cluster

The Regional Economic Strategy consultants identified the Environment and Alternative Energy as an emerging cluster of industries in the Puget Sound region. **While fewer than 3,000 jobs regionally and only about 250 jobs in Bellevue are in industries designated as comprising the Environment and Alternative Energy cluster, these industries are expected to experience rapid growth in the near future.**

This cluster appears to have a somewhat stronger presence in Bellevue than in both the region and the nation, with employment concentration ratios of 1.5 both for Bellevue relative to the region and for Bellevue relative to the nation.[19]

Half of the region's jobs and two-thirds of Bellevue's jobs in this cluster are in firms providing environmental consulting services. A quarter of the region's Environment and Alternative Energy employment is in environmental, conservation, and wildlife organizations, with the remainder of employment in solid waste materials recovery facilities, air purification equipment manufacturing and hazardous waste treatment and disposal.

The employment concentration analysis indicated that there are 12 firms in this cluster in Bellevue locations, seven of which are environmental consulting services. However, these figures are likely to under-represent the significance of this cluster, due to difficulty of using existing industry classification systems to identify business activities not traditionally defined as constituting a specific industry sector. Also, because only a firm's primary NAICS code were available for this analysis, companies that engage in environmental activity as *part* a more general overall business are unlikely to be captured in this cluster. For example, environmental engineering services are classified in the broader Engineering Services code which is not included in the cluster definition.

A supplemental analysis using the InfoUSA database revealed about 30 businesses in Bellevue that appear to have some significant specialty in the environment, and, in fewer cases, alternative energy. These businesses together employ about 1,000 persons, though only some of these businesses fall into the cluster as narrowly defined.

There are many engineering and other professional service firms with employees in Bellevue and elsewhere in the region that provide environmental-related consulting as some significant part of their work. Bellevue's especially strong concentration of engineering talent applies both to the broad engineering area, as well as to environmental specialties within engineering. An example is CH2M Hill, a large engineering company for which environmental services is a key area of focus. CH2M Hill has more than 14,400 employees around the world and about 400 employees in their Washington state branch in Downtown Bellevue. CH2M Hill is one of the companies taking a leadership role in the RES working group for this cluster.

According to *the Puget Sound Business Journal Book of Lists*, six of the top twenty-five "environmental services firms" ranked by billings for environmental services, also have their main regional office in Bellevue, although all of these firms have their main headquarters outside of the region.[20] The firms in Bellevue that ranked in this list are primarily in the engineering field and all have workforces smaller than 100 employees. The largest of these firms in Bellevue are Montgomery Watson Harza, and Exponent Inc.'s Exponent Environment Group. Montgomery Watson Harza's primary specialty is in water resources. Exponent Environment Group is one of Exponent Inc.'s oldest subsidiary headquarters and specializes in providing multidisciplinary scientific consulting on human health and environmental issues. Other companies in Bellevue also appearing in the *Book of Lists* are Earth Tech Inc., Environmental Resources Management, Jones & Stokes and Associates Inc., and SCS Engineers.

The Environment and Alternative Energy cluster includes establishments operating electric power generation facilities using solar, wind, and tidal power and selling this energy to electric power distribution systems. Our analysis revealed no such companies in the region or in Bellevue. However, **Bellevue *is* home to the headquarters of Puget Sound Energy (PSE), which is the state's largest energy utility.**

PSE's interest in the Environment and Alternative Energy cluster is evidenced in the participation of their President and CEO and other of the company's leadership in the working group for this cluster. PSE provides gas or a combination of gas and electric services to Seattle, Tacoma, Bellevue, and suburbs surrounding these cities.[21] Like Seattle City Light and several other energy utilities in the region, PSE helps to support the alternative energy industry by purchasing some of its power from non-traditional energy sources. Both PSE and City Light offer customers a voluntary Green Power plan that enables them to help the companies purchase power from renewable sources.[22] **PSE has a goal of acquiring renewable resources to meet 10 percent of its electric-supply mix by 2013, and notes that renewables can stimulate local economic development in addition to providing other benefits such as enhancing fuel price stability and reducing air emissions.** The strategic plan for acquiring renewable resources includes exploration of direct ownership. PSE recently acquired and began construction on the Hopkins Ridge Wind Project in southeastern Washington and has also signed a letter of intent to purchase the proposed Wild Horse Wind Power Project in Kittitas County.[23] **PSE employs about 800 persons in Bellevue where it is headquartered and another 4,500 employees elsewhere. *The Book of Lists* ranks it as the 12th largest publicly traded company in the state based on revenue.**

Logistics and International Trade Cluster

Covered employment figures indicate that the Logistics and International Trade cluster provides almost 40,000 jobs regionally, but only about 250 jobs (in fewer than 30 business locations) in Bellevue. This translates into a very low 0.1 Bellevue-to-region employment concentration ratio. Given that in this cluster the region only enjoys a slight competitive advantage relative to the nation, the Bellevue-to-nation employment concentration is also quite low. Activities in this cluster are typically focused around regional seaports and airports, with smaller concentrations at other points along transportation networks. Thus, it is not surprising that regionally, much of the employment in this cluster is located in and around port facilities.

Despite this cluster's small locational presence in Bellevue, the regional health of this sector is still of great importance to Bellevue and other economic centers in the Puget Sound. Global trade is of great significance to this region as is the need to move goods efficiently into, out of and within the region. Among the Eastside leaders participating on this cluster's working group are decision makers from the City of Bellevue and the Bellevue Chamber of Commerce as well as leaders in Bellevue-based companies Attachmate Corporation and MulvannyG2 Architecture.

Regionally, more than one-third of the region's Logistics and International Trade cluster jobs are in Air Transportation, almost all of which are related to scheduled passenger air transportation. About 27 percent are categorized as support activities for transportation (the largest parts of which include freight transportation arrangement and marine cargo handling). **About 60 percent of Bellevue's jobs in the Logistics and International Trade cluster are with companies categorized "freight transportation arrangement," an industry whose businesses mainly arrange transportation of freight between shippers and carriers.**

The InfoUSA listings suggest that the Logistics and International Trade companies may have a somewhat greater presence in Bellevue than the covered employment numbers indicate: InfoUSA lists 43 companies in Bellevue with about 600 employees in industry codes falling into cluster. However, these figures still represent a thin concentration of these industries in Bellevue. The most common categories of businesses InfoUSA shows in this cluster are local freight trucking and freight transportation arrangement services. The InfoUSA database suggests that in Bellevue the Logistics and International Trade cluster mainly contains single-location businesses and a handful of branch offices (generally employing fewer than ten persons each regardless of branch status). The only *large* firm that InfoUSA lists among the industries in this cluster is Bellevue-based Postal Express which employees about 200 workers to operate its mail pick up and delivery and courier services. USNW Express, World Super Services Inc., FedEx Corporation, and Airgroup Corporation are also other companies in this cluster that employ workers in Bellevue.

ENDNOTES

[1] Resources recommended by PSRC on use of cluster-based analysis in economic development are: *Cluster-Based Economic Development: A Key to Regional Competitiveness*, U.S. Economic Development Administration, 1997; and *Competitive Advantage of Nations*, Michael Porter, 1998.

[2] Selection of the five pilot clusters was based on the consultants' and the RES project's management team's assessment of a number of criteria, including four-county representation, high employment concentration, above-average potential for growth, size, breath and depth, and presence of cluster linkages.

[3] Economic Summit Overview Report: "A Bold New Action Strategy for Our Region's Economic Future," http://www.prosperitypartnership.org/summit.htm.

[4] PSRC's forecasts are based on Forecast Analysis Zones. The Bellevue Area defined by forecast analysis zones is somewhat different than the area within the current city limits of Bellevue. See PSRC's 2003 Sub-County (Small Area) Forecasts of Population and Employment, Central Puget Sound Region, http://psrc.org/datapubs/pubs/publist/publist_estimates.htm.

[5] Additional background on the Regional Economic Strategy, including the consultant's analysis of the Puget Sound region's economic advantages and industry clusters, can be found at http://www.prosperitypartnership.org/.

[6] The covered employment figures are from the Quarterly Census of Employment and Wages dataset. Local and regional figures were supplied by the Puget Sound Regional Council (PSRC) and national data was obtained from the U.S. Bureau of Labor Statistics (BLS) web site.

[7] See BLS web site: http://www.bls.gov/data/home.htm. Notes: Another difference is that the employment numbers used by the consultant include estimates for government employment, while the covered employment data used for the Bellevue comparative analysis is limited to employment in geo-coded private establishments. (PSRC's geocoded dataset covers 94 percent of private employment regionally.) In addition, the RES consultants' analysis is based on 1997 NAICS while the covered employment used in the Bellevue analysis is based on 2002 NAICS.

[8] PSRC's geocoded covered employment dataset includes 103,084 (or 91 percent) of the 112,978 jobs in private establishments that PSRC estimates are located in Bellevue. The number of establishments corresponding to the geocoded jobs is 5,391.

[9] InfoUSA's database is a proprietary database containing 14 million businesses nationally, supplied to the City of Bellevue by ESRI Business Information Solutions. InfoUSA calls businesses at least annually to verify information, but notes that its database is not 100 percent accurate or complete.

[10] "Western Wireless CEO Stanton to unwind after cellular deal," by Dan Richman and John Cook, *Seattle Post-Intelligencer*, January 11, 2005; "Alltel buys Western Wireless," Kim Peterson, *Seattle Times*, January 10, 2005.

[11] "Spinoff to return Expedia to Bellevue-based business," Monica Soto Ouchi, *Seattle Times*, December 22, 2004.

[12] *Washington State Employers Workforce Training Needs and Practices*, 2004, Workforce Training and Education Coordinating Board, http://www.wtb.wa.gov/pubs.html

[13] Meydenbauer Center is owned and operated by the Bellevue Convention Center Authority (BCCA) public development authority chartered by the City of Bellevue

[14] Convention and Visitors Services Analysis, PriceWaterhouseCoopers, January 2004.

[15] Other large differences are that insurance carriers, engineering services, architectural, marketing and public relations agencies *are* included in the RES Business Services cluster—which tends to be more oriented to including professional services—but tallied separately from the Business Services sector within the larger FIRES grouping of industries. Other differences also exist due to limitations in comparability between NAICS coding system used in the RES consultant's analysis and the SIC-coding used elsewhere in the profile.

[16]Under SIC coding, Business Services, including these computer and software industries, are part of the larger Finance, Insurance, Real Estate and Services sector.

[17] Issue Brief entitled, "Aerospace Employment and Wages in the Washington," 2003, Washington State Employment Security Department, http://www.workforceexplorer.com.

[18] *America's Biotech and Life Sciences Clusters*, June 2004, prepared by Milken Institute in Cooperation with Deloitte & Touche LLP, http://www.deloitte.com/dtt/research/0,1015,sid%253D34239%2526cid%253D50640,00.html

[19] Covered employment figures place the region's Environment and Alternative Energy employment concentration for this cluster on par with the nation's; however, Global Insight's data indicate that the region has a somewhat higher concentration than the nation.

[20] *Puget Sound Business Journal Book of Lists.*

[21] Puget Sound Energy web site, www.pse.com, "April 30, 2003, Puget Sound Energy Policy Statement Regarding the Promotion and Use of Renewable Energy Resources."

[22]*Powerful Choices IV: A Survey of Retail Green Power Programs in the Pacific Northwest*, August 2003, http://www.rnp.org.

[23]Puget Sound Energy news release: "PSE begins construction on the Hopkins Ridge Wind Project," March 17, 2005, http://www.pugetsoundenergy.com/news/index.html.

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Appendix A – Covered Employment in Bellevue by NAICS Industry Codes

In order to examine recent trends over as long a recent time period as possible with consistent industry coding, the analysis of covered employment in the Employment chapter for the time period 1995 to 2002 was based on SIC (Standard Industrial Classification) coding. The table in this appendix supplements the information in the Employment chapter by showing covered employment estimates for 2003 which are the most recent available, but which are based on the new North American Industrial Classification System (NAICS) coding. NAICS-based coding is replacing the SIC-based coding.[1] Because the SIC and NAICS industry coding systems are not directly comparable, the NAICS-based figures in this table cannot be easily analyzed alongside the historical SIC-based employment data in the Employment chapter. Significant shifts in industry classification were introduced with NAICS. Major examples include:

- The Communication sector shifted from WTCU, into the Services sector; and
- Eating and Drinking places, previously counted in the Retail sector, are now coded within the Services sector.

In addition to shifts in industry categories, city *totals* differ slightly between the two coding systems.[2] Bellevue's total for 2003 is *slightly above* that for 2002 based on NAICS but slightly *below that* based on SIC coding.

Covered Employment in Bellevue
Based on NAICS Coding
2003 and Change from 2002

NAICS Industry Sector	Jobs in 2003	Change 2002 to 2003
Const./Res.	5,062	1.5%
FIRE (Finance, Insurance and Real Estate)	12,135	6.9%
Manufacturing	6,218	-1.5%
Retail	13,263	-1.8%
Services	58,888	0.6%
Information (51)	10,656	-8.6%
Professional, Scientific and Technical Services (54)	15,041	2.2%
Management of Companies and Enterprises (55)	2,948	-2.3%
Admin. & Support and Waste Mgt. & Remed. Srvcs. (56)	4,429	-1.7%
Educational Services (61)	2,283	10.1%
Health Care and Social Assistance (62)	10,167	3.3%
Arts, Entertainment and Recreation (71)	1,562	-18.0%
Accommodation and Food Services (72)	7,391	11.8%
Other Services (except Public Admin.) (81)	4,411	4.8%
WTU (Wholesale Trade, Transportation, and Utilities)	8,348	0.0%
Education	3,867	-0.1%
Government	2,995	-20.8%
Total	110,774	0.1%

Figures based on March employment. Total employment is 10% to 15% percent higher than covered employment.
Source: Puget Sound Regional Council

ENDNOTES

[1] At the time the analysis in the Employment chapter was conducted, jobs figures were available in NAICS coding only back to 2001. Employment figures for 2003 and all future years will be based solely on NAICS. (As the profile was undergoing final editing, PSRC released employment figures based on NAICS for 1995 and 2000. See http://psrc.org. However, it was not possible to reanalyze employment trends in the body of the profile given the publication schedule for the document.)

[2] City totals differ slightly between the coding systems because the factors that PSRC uses to adjust city figures also changed based on the new industry coding. (Factors are used to adjust employment for cities and unincorporated areas so that the sum equals the relevant county total reported by the Washington State Employment Security Department.)

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Appendix B – Regional Forecasts and Bellevue's Key Industry Groups

As noted in the profile's Employment Chapter, Bellevue's strengths match well with industry sectors expected to experience substantial growth in the Puget Sound region. This appendix provides an overview of regional and county industry-specific employment forecasts and looks at these forecasts' potential implications for the future growth of key industry groups in Bellevue. The information presented here is drawn primarily and, in large portion, directly from the analysis that Berk & Associates prepared for integration into the profile.[1]

Forecasts Consulted

Understanding the future of Bellevue's economy requires understanding how the future of the national and global economy will affect economic conditions in Bellevue. Econometric forecasts consulted draw from several decades of economic trends in the local, regional and national economies to provide predictions of how the regional and King County economy will respond to conditions expected nationally and globally.

The analysis supplied by Berk & Associates focused on the outlook in the near term and relied primarily on employment forecasts by Conway Pedersen Economics, Inc. published in their quarterly newsletter, *The Puget Sound Economic Forecaster* newsletter. The newsletter published in December 2004 provided the most recent forecast available at the time the analysis was prepared. The table on page 200 of this profile shows Conway and Pedersen's regional employment trends and forecasts by industry sector for 2003 to 2006. Estimates of 2003 employment in Bellevue for each of these industries are shown alongside the regional figures.[2]

Berk also examined longer-term state-wide and county-level employment forecasts prepared by the Washington State Employment Security Department (ESD). However, the ESD forecasts available at the time the Berk analysis was conducted are somewhat dated.[3] The table on page 202 shows ESD's industry employment forecasts for King County for the period between 2002 and 2012.

Overview of Regional Industry Forecasts

Key private employment drivers (the largest and rapidly growing sectors) within the regional economy include Professional and Business Services, Information, and Aerospace (Manufacturing), highlighted in bold in the table shown on page 200. Professional and Business Services are forecast to grow the most rapidly, with 6.3 percent growth in 2005 and 5.3 percent growth in 2006, adding 25,500 jobs regionally during the next two years. Aerospace jobs rank second in terms of regional percentage growth, with 4.6 percent growth forecast in 2005 and 5.1 percent growth forecast in 2006. Job growth in the Information sector ranks third, with a 3.1 percent increase forecast for 2005 and 3.3 percent growth forecast for 2006.

Regional Forecasts for Key Industry Groups in Bellevue's Economy

Berk & Associates identified the following key sectors and industry groups in Bellevue based on an assessment of the 2003 covered employment data. Bellevue covered employment figures in each of these industry groups are shown below rounded and in parentheses.

- **Professional and Business Services and Information** (29,700 jobs)
  - **Computer Systems Design, Software Publishers and Internet Services** (8,200 jobs)
  - **Architectural, Engineering and Related Services and Management, Scientific and Technical Consulting Services** (4,400 jobs; total for both groups combined)
  - **Wireless Telecommunications** (3,600 jobs)
  - **Other Professional and Business Services:** Accounting, Tax Preparation, Bookkeeping and Payroll Services (2,000 jobs) and Scientific Research and Development Services (1,500 jobs)
- **Retail** (12,400 jobs)
- **Health Care and Social Assistance** (9,150 jobs)

Within the region overall, the Professional and Business Services and Information sectors are both forecasted to have strong growth in the short term, and both have high concentrations of jobs in Bellevue. Bellevue's prominence in Professional and Business Services sector and Information defines a large part of the city's identity in the regional economy. Per Berk's analysis, employment in these two sectors together accounts for roughly 31 percent of private-sector employment in Bellevue, significantly greater than the 24 percent share of countywide private-sector employment in these two sectors. Bellevue's concentration of Services jobs has come with a substantial concentration of office space in the city. Downtown Bellevue's vacancy rates have recently fallen to rates lower than those in Downtown Seattle and the Puget Sound region as a whole. New construction is underway in the city, signaling developers' confidence in the Downtown market.

Regional and county forecasts suggest the Professional and Business Services and Information sectors will lead employment growth in the near-term. The *Economic Forecaster* suggests regional employment growth in Professional and Business Services will be 6.3 percent in 2005 and 5.3 percent in 2006, the fastest growth rates in each year among all sectors. Forecasts for the Information sector job growth are 3.1 percent in 2005 and 3.3 percent in 2006. Keeping pace with the regional forecasts would bring Bellevue more than 3,000 jobs during the next two years in the two sectors combined. Between 2003 and 2008, information technology jobs in the region are expected to grow by 6.5 percent annually.

However, the regional outlook for the Information sector, been clouded more recently by consolidations and mergers including the sale of Redmond-based AT&T Wireless to Cingular, which was announced in December and is expected by industry analysts to result in substantial layoffs. Bellevue-headquartered Western Wireless, which is a smaller company than AT&T Wireless, has also been acquired by Alltel, although it is unclear whether this merger will result in layoffs. Still, the trend toward consolidations is expected to have major impacts on regional wireless companies. Wireless telecommunications constitute an important part of Bellevue's Information sector. Given the uncertainties in the growth outlook for wireless telecommunication, Bellevue's telecommunications companies and employees may face challenges in weathering changes in the industry.

The Health Care and Social Assistance subsector is strong in the city, with Overlake Hospital growing and expecting to add jobs in two years with additional expansions to follow.

The Retail sector is strong in Bellevue, serving as a regional draw for shopping. The city has a major regional shopping center in Bellevue Square, as well as several commercial centers that primarily serve nearby customers. **Retail jobs are prevalent in the city and regional forecasts suggest continued growth in regional retail sales.** In the *Puget Sound Economic Forecaster*, Conway and Pedersen forecast regional retail sales to grow 6.1 percent in 2005 and 4.6 percent in 2006 (or about 2 percent and 3 percent respectively after adjusting for inflation). The forecasts cite stronger personal income growth, lower unemployment and steady household growth as key drivers for this growth. **As a regional draw of consumer spending, Bellevue will benefit from increased retail spending. Bellevue's ability to draw regional spending will also be enhanced with major retail components in new mixed use developments such as Lincoln Square.**

Overall, the Berk & Associates analysis concluded that Bellevue is an enviable position, with a large, diverse economy and industries forecast to grow rapidly in the regional economy. Key industry groups such as Information, Professional and Business Services, Health Care, and Retail will continue to provide many employment opportunities for the local and regional labor force. As the economic hub of the Eastside, Bellevue will continue to provide professional services and retail for Eastside residents and workers, as well as for many companies and residents throughout the region.

Appendix B
Regional Forecasts and Bellevue's Key Industry Groups

	Bellevue Covered Employment^	Employment Trends and Forecasts for the Puget Sound Region 2003 to 2006 Total Employment (thousands)									
						2003-2004		2004-2005		2005-2006	
	2003	2003	2004	2005	2006	Act. Chg.	% Chg.	Act. Chg.	% Chg.	Act. Chg.	% Chg.
Total	101,802 (Actual is higher. See note^.)	1,651.0	1,681.6	1,725.0	1,761.6	30.6	1.9%	43.4	2.6%	36.6	2.1%
Goods Producing	10,450	267.6	266.9	273.7	280.1	-0.7	-0.3%	6.8	2.5%	6.4	2.3%
Natural Resources and Mining	73	2.0	2.0	2.0	2.0	0.0	0.0%	0.0	0.0%	0.0	0.0%
Construction	4,572	96.0	100.2	102.8	104.6	4.2	4.4%	2.6	2.6%	1.8	1.8%
Manufacturing	5,805	169.5	164.7	168.9	173.5	-4.8	-2.8%	4.2	2.6%	4.6	2.7%
Aerospace	*****	**64.5**	**60.4**	**63.2**	**66.4**	**-4.1**	**-6.4%**	**2.8**	**4.6%**	**3.2**	**5.1%**
Other Durable Goods	*	66.8	66.6	67.9	69.0	-0.2	-0.3%	1.3	2.0%	1.1	1.6%
Nondurable Goods	*	38.3	37.7	37.8	38.1	-0.6	-1.6%	0.1	0.3%	0.3	0.8%
Services Producing	84,492	1,383.4	1,414.7	1,451.3	1,481.5	31.3	2.3%	36.6	2.6%	30.2	2.1%
Wholesale and Retail Trade	18,505	259.0	262.9	266.8	269.3	3.9	1.5%	3.9	1.5%	2.5	0.9%
Transportation, Warehousing, Utilities	1,525	60.0	63.2	64.4	65.6	3.2	5.3%	1.2	1.9%	1.2	1.9%
Information	**9,583**	**76.6**	**77.4**	**79.8**	**82.4**	**0.8**	**1.0%**	**2.4**	**3.1%**	**2.6**	**3.3%**
Financial Activities	11,503	107.3	109.4	111.0	111.7	2.1	2.0%	1.6	1.5%	0.7	0.6%
Professional and Business Services	**20,161**	**204.3**	**213.4**	**226.9**	**238.9**	**9.1**	**4.5%**	**13.5**	**6.3%**	**12.0**	**5.3%**
Other Services	**23,215**	**397.5**	**409.2**	**419.5**	**426.7**	**11.7**	**2.9%**	**10.3**	**2.5%**	**7.2**	**1.7%**
Government	6,860	278.6	279.2	282.9	287.0	0.6	0.2%	3.7	1.3%	4.1	1.4%
State and Local		229.1	229.9	233.2	237.1	0.8	0.3%	3.3	1.4%	3.9	1.7%
Federal		49.5	49.3	49.6	49.8	-0.2	-0.4%	0.3	0.6%	0.2	0.4%

^Covered employment data include only employees covered by state unemployment insurance programs, which exclude proprietors and some other exempted employees. ***The covered employment figures for Bellevue shown in this table only include jobs at business locations that could be geocoded. Total and sector-specific covered employment figures are somewhat higher. (Total covered employment in Bellevue was 110,774 in 2003 based on PSRC's published city estimates).*** *The Bellevue estimate of "Utilities" excludes Bellevue employees at publicly owned utility providers. Government jobs include all public sector employment, including government and education.*
**Figures suppressed due to confidentiality requirements associated with covered employment database.*
Sources: Bellevue figures from Puget Sound Regional Council; Regional figures from The Puget Sound Economic Forecaster, Conway Pedersen Economics, Inc. (2004)

Overview of Long-Term Economic Forecasts

This section provides a summary of long-term employment forecasts and likely implications of these forecasts for Bellevue's economy with a focus on industry groups that are especially key in Bellevue.

Long-term Puget Sound region employment forecasts from 2006 to 2014, published in Conway and Pedersen's *Economic Forecaster,* indicate that total regional employment is likely to continue to grow by about 2.3 percent annually until 2010. After 2010, the *Economic Forecaster* projects that regional employment growth will slow to 1.5 percent annually until 2014. The forecast employment slow-down in 2010 is due, in part, to the decrease projected around that time in aerospace employment. Between 2005 and 2010, aerospace employment is forecast to increase by about 14,000 jobs (4.1 percent annually), but between 2010 and 2014 the industry is expected to lose close to 10,000 jobs.

The Washington State Employment Security Department (ESD) publishes long-term (five- and ten-year) industry employment projections on an annual basis. The pair of long-term forecasts most recently available at the time Berk conducted their analysis was published by ESD in late 2003. These are for the periods 2002 to 2007 and 2007 to 2012. The ESD forecasts provide an additional perspective on future employment trends. The ESD forecasts are at the county level, which is a finer geographic level than reflected in Conway and Pedersen's forecasts, and the ESD forecasts also provide more detailed categories for many industry sectors.

The table on the following page shows the ESD forecasts for King County employment overall and in *those sectors that Berk & Associates identified as key in Bellevue.* The ESD forecasts project moderate employment growth overall in King County for the 2002 to 2007 and the 2007 to 2012 time periods. During both of these forecast periods, ESD projects that jobs in Professional and Business Services, Information, and Educational and Health services, which are among Bellevue's key sectors, will be added at faster rates than will jobs in the overall economy, providing another indication that Bellevue's industry mix places the city in an auspicious position for future employment growth.[4]

Appendix B
Regional Forecasts and
Bellevue's Key Industry Groups

Long-Term Employment Forecasts for King County
2002 to 2012

	King County Total Employment (thousands)			King County Annual Average Growth Rates	
	Estimated	Projected			
NAICS Industry Title	**2002**	**2007**	**2012**	**2002-2007**	**2007-2012**
Total Non-farm Employment	1,127.5	1,213.1	1,319.8	1.5%	1.7%
Key Sectors for Bellevue:					
Retail Trade	**115.0**	**122.6**	**131.0**	**1.3%**	**1.3%**
Professional and Business Services	**162.9**	**188.5**	**215.9**	**3.0%**	**2.8%**
Professional, Scientific and Technical Services	81.4	92.6	105.9	2.6%	2.7%
Legal Services	12.2	13.1	14.0	1.4%	1.3%
Accounting, Tax Prep, Bookkeeping & Payroll	8.5	9.3	9.7	1.8%	0.8%
Architectural, Engineering and Related	16.4	18.8	21.8	2.8%	3.0%
Computer Systems Design and Related	17.4	19.8	23.4	2.6%	3.4%
Management of Companies and Enterprises	20.9	24.9	28.0	3.6%	2.4%
Information	**69.2**	**79.1**	**90.8**	**2.7%**	**2.8%**
Software Publishers	34.7	42.1	48.9	3.9%	3.0%
Telecommunications	19.1	21.1	24.3	2.0%	2.9%
Wired Telecommunications Carriers	4.9	4.9	5.2	0.0%	1.2%
Wireless Telecom Carriers, except Satellite	10.7	12.5	14.8	3.2%	3.4%
Educational and Health Services	**113.2**	**123.5**	**134.2**	**1.8%**	**1.7%**
Educational Services	19.1	21.2	23.1	2.1%	1.7%
Ambulatory Health Care Services	37.8	41.2	44.8	1.7%	1.7%
Hospitals	23.5	25.4	27.5	1.6%	1.6%
Nursing and Residential Care Facilities	15.9	17.4	19.0	1.8%	1.8%
Social Assistance	16.9	18.3	19.8	1.6%	1.6%

Source: Source: Washington Employment Security Department, November 2003.
See ESD's website http://www.workforceexplorer.com for more recent updates of long-term industry employment projections.

ENDNOTES

[1] "Perspectives on Future Economic Trends and Forecasts for the City of Bellevue Economic Profile," Berk & Associates, April 2005.

[2] Employment figures for Bellevue were supplied by PSRC and are for geocoded covered employment only. Total covered employment figures are somewhat higher than those reflected in the table. Data in this analysis are based on NAICS industry groupings which are not directly comparable to SIC industry categories used in several other parts of this profile.

[3] PSRC produces regional 30-year forecasts, including projections for zones within cities ("small areas"), as part of its travel demand modeling process. However, the industry detail on these forecasts does not go below the major sector level.

[4]ESD's projected King County industry growth rates for the period 2002 to 2007 are generally lower than the rates in Conway and Pedersen's shorter-term regional forecasts for the period 2004 to 2006, partly because the ESD's forecasts include the recessionary year 2002. Also, ESD forecasts referenced in this section are those released in late 2003 and are less current than Conway and Pedersen's projections. This is important to keep in mind because trends occurring during the recent past couple of years greatly affect an understanding of what might happen during the next few years. A more recent update of ESD's long-term forecasts (albeit still with a beginning year of 2002) became available just as the profile was being readied for printing. (Under contractual requirements with the Bureau of Labor Statistics, the base year for ESD's long-term forecasts, will not shift to 2004 until ESD releases another update in 2006). ESD's May 2005 forecast release also included *short-term* forecasts for 2004 to 2006. For details, see ESD's website http://www.workforceexplorer.com.

Appendix C - Regional Economic Strategy Cluster Tables

This appendix provides detailed industry group data for each cluster analyzed for the *Bellevue Economic Profile* cluster sketches found in the profile chapter "Bellevue's Economy and the Regional Economic Strategy."

Regional Economic Strategy Pilot Clusters

Aerospace Manufacturing

Cluster: Aerospace Manufacturing 2001 Covered Employment and Business Locations (Private Ownership)					
NAICS Industry Code	Industry Components	Bellevue Jobs	Bellevue Locations	Puget Sound Region Jobs	Puget Sound Region Locations
334511	Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing	9	3	2,505	25
334519	Other Measuring and Controlling Device Manufacturing	*	*	757	25
336411	Aircraft Manufacturing	*	*	77,047	12
336412	Aircraft Engine and Engine Parts Manufacturing	*	*	460	7
336413	Other Aircraft Parts and Auxiliary Equipment Manufacturing	*	*	7,705	129
336415	Guided Missile and Space Vehicle Propulsion Unit and Propulsion Unit Parts Manufacturing	0	0	*	*
336419	Other Guided Missile and Space Vehicle Parts and Auxiliary Equipment Manufacturing	0	0	*	*
Cluster sub-total		2,815	7	89,167	201
* Figures suppressed due to confidentiality requirements. Source: Puget Sound Regional Council. Figures include only establishments with *geocoded* locations.					

Cluster: Aerospace Manufacturing 2001 Covered Employment and Business Locations (Private Ownership)				
	Bellevue Jobs	Bellevue Locations	Puget Sound Region Jobs	Puget Sound Region Locations
Share of Total Contributed by Cluster	2.7%	0.1%	6.7%	0.2%
Source: Puget Sound Regional Council. Figures include only establishments with *geocoded* locations.				

Cluster: Aerospace Manufacturing 2001 Covered Employment and Business Locations (Private Ownership)			
	Bellevue to Region	Region to Nation	Bellevue to Nation
Employment Concentration Ratios	0.4%	11.4%	4.7%

Source of Bellevue and regional figures: Puget Sound Regional Council. Bellevue and regional figures include *only geocoded* employment.
Source of national figures: U.S. Bureau of Labor Statistics.

Environment and Alternative Energy

Cluster: Environment and Alternative Energy 2001 Covered Employment and Business Locations (Private Ownership)					
NAICS Industry Code	Industry Components	Bellevue Jobs	Bellevue Locations	Puget Sound Region Jobs	Puget Sound Region Locations
221119	Utilities - Other Electric Power Generation	0	0	0	0
333411	Manufacturing - Air Purification Equipment Manufacturing	0	0	*	*
541620	Professional, Scientific, and Technical Services - Environmental Consulting Services	171	7	1067	99
562213	Administrative and Support and Waste Management and Remediation Services - Solid Waste Combustors and Incinerators	0	0	0	0
562211	Administrative and Support and Waste Management and Remediation Services - Hazardous Waste Treatment and Disposal	0	0	*	*
562920	Administrative and Support and Waste Management and Remediation Services- Materials Recovery Facilities	*	*	213	9
813312	Other Services (except Public Administration) - Environment, Conservation and Wildlife Organizations	*	*	521	60
Cluster sub-total		252	12	2,114	176
* Figures Suppressed due to confidentiality requirements. Source: Puget Sound Regional Council. Figures only include establishments with geocoded locations.					

Cluster: Environment and Alternative Energy 2001 Covered Employment and Business Locations (Private Ownership)				
	Bellevue Jobs	Bellevue Locations	Puget Sound Region Jobs	Puget Sound Region Locations
Share of Total Contributed by Cluster	0.2%	0.2%	0.2%	0.2%
Source: Puget Sound Regional Council. Figures include only establishments with *geocoded* locations.				

Cluster: Environment and Alternative Energy 2001 Covered Employment and Business Locations (Private Ownership)			
	Bellevue to Region	Region to Nation	Bellevue to Nation
Employment Concentration Ratios	1.5%	1.0%	1.5%
Source of Bellevue and regional figures: Puget Sound Regional Council. Bellevue and regional figures include *only geocoded* employment. Source of national figures: U.S. Bureau of Labor Statistics.			

Life Sciences

Cluster: Life Sciences 2001 Covered Employment and Business Locations (Private Ownership)					
NAICS Industry Code	Industry Components	Bellevue Jobs	Bellevue Locations	Puget Sound Region Jobs	Puget Sound Region Locations
325411	Medicinal and Botanical Manufacturing	0	0	50	3
325412	Pharmaceutical Preparation Manufacturing	0	0	1,370	14
325413	In-Vitro Diagnostic Substance Manufacturing	0	0	281	9
325414	Biological Product (except Diagnostic) Manufacturing	0	0	42	5
334510	Electromedical and Electrotherapeutic Apparatus Manufacturing	*	*	4,419	20
334516	Analytical Laboratory Instrument Manufacturing	0	0	*	*
334517	Irradiation Apparatus Manufacturing	0	0	*	*
339116	Medical Equipment and Supplies Manufacturing: Dental Laboratories	145	1	872	144
339112 339113 339114 339115	Other Medical Equipment and Supplies Manufacturing (not including 33911 Laboratory Apparatus and Furniture Manufacturing): 339112 Surgical and Medical Instrument Manufacturing 339113Surgical Appliance and Supplies Manufacturing 339114 Dental Equipment and Supplies Manufacturing 339115 Ophthalmic Goods Manufacturing	57	15	953	48
423450	Medical, Dental, and Hospital Equipment and Supplies Wholesalers	250	30	1,933	216
423460	Ophthalmic Goods Wholesalers	*	*	339	22
541710	Research and Development in the Physical, Engineering, and Life Sciences	736	31	8,165	273
621511	Medical Laboratories	53	3	1,232	26
Cluster sub-total		1282	289	19,926	784

* Figures suppressed due to confidentiality requirements.
Source: Puget Sound Regional Council. Figures include only establishments with *geocoded* locations.

Cluster: Life Sciences 2001 Covered Employment and Business Locations (Private Ownership)	Bellevue Jobs	Bellevue Locations	Puget Sound Region Jobs	Puget Sound Region Locations
Share of Total Contributed by Cluster	1.2%	5.4%	1.5%	0.9%

Source: Puget Sound Regional Council. Figures include only establishments with *geocoded* locations.

Cluster: Life Sciences 2001 Covered Employment and Business Locations (Private Ownership)	Bellevue to Region	Region to Nation	Bellevue to Nation
Employment Concentration Ratios	0.8%	1.4%	1.2%

Source of Bellevue and regional figures: Puget Sound Regional Council. Bellevue and regional figures include *only geocoded* employment.
Source of national figures: U.S. Bureau of Labor Statistics.

Information Technology

Cluster: Information Technology 2001 Covered Employment and Business Locations (Private Ownership)					
NAICS Industry Code	Industry Components	Bellevue Jobs	Bellevue Locations	Puget Sound Region Jobs	Puget Sound Region Locations
33411 Subtotal	*Computer and Peripheral Equipment Manufacturing*	*115*	*5*	*3,619*	*33*
334111	Electronic Computer Manufacturing	82	3	2,056	14
334112	Computer Storage Device Manuf.	*	*	*	*
334113	Computer Terminal Manufacturing	0	0	*	*
334119	Other Computer Periph. Equip. Manuf.	*	*	1,438	16
334210	Telephone Apparatus Manufacturing	0	0	450	11
33441 Subtotal	*Semiconductor and Other Electronic Component Manufacturing (not including 334415, Electronic Resistor Manufacturing)*	350	6	4875	70
334411	Electron Tube Manufacturing	0	0	*	*
334412	Bare Printed Circuit Board Manufac.	*	*	1,736	19
334413	Semiconductor and Related Device Manufacturing	27	3	517	17
334414	Electronic Capacitor Manufacturing	0	0	0	0
334416	Electronic Coil, Transformer, and Other Inductor Manufacturing	0	0	424	5
334417	Electronic Connector Manufacturing	0	0	*	*
334418	Printed Circuit Assembly (Electronic Assembly) Manufacturing	0	0	684	14
334419	Other Electronic Component Manufac.	*	*	1,509	14
334611	Software Reproducing	0	0	*	*
423430	Computer and Computer Peripheral Equipment and Software Wholesalers	1373	83	5,132	379
511210	Software Publishers	3487	65	33,685	258
517 Subtotal (without 517510)	*Telecommunications (not including 517510 Cable and other program distrib.)*	4564	42	22,364	313
517110	Wired Telecommunications Carriers	354	12	9,313	167
517211	Paging	149	3	181	8
517212	Cellular and Other Wireless Telecommunications	3,930	16	11,479	55
517310	Telecommunications Resellers	72	9	1,312	74
517410	Satellite Telecommunications	*	*	75	6
517910	Other Telecommunications	*	*	4	3
518111	On-line Info. Srvcs. (incl. Internet access prov.)	754	22	2,165	113
518210	Data Processing Services	369	11	1,803	97
54151 Subtotal	*Computer Systems Design and Related Services*	7,094	208	21,618	1,220
541511	Custom Computer Programming Srvcs.	3,858	104	11,046	566
541512	Computer Systems Design Services	1,666	50	3,983	278
541513	Computer Facilities Mgt. Services	*	*	514	12
541519	Other Computer Related Services	*	*	6,075	364
Cluster sub-total		18,106	551	95,908	2,501
* Figures suppressed due to confidentiality requirements. [Suppressed employment figures accounts for 41 jobs or 3% of Bellevue employment in this cluster and 270 jobs or 1% of regional employment in cluster.] Source: Puget Sound Regional Council. Figures include only establishments with *geocoded* locations.					

Cluster: Information Technology 2001 Covered Employment and Business Locations (Private Ownership)				
	Bellevue Jobs	Bellevue Locations	Puget Sound Region Jobs	Puget Sound Region Locations
Share of Total Contributed by Pilot Cluster	17.6%	10.2%	7.2%	3.0%
Source: Puget Sound Regional Council. Figures include only establishments with *geocoded* locations.				

Cluster: Information Technology 2001 Covered Employment and Business Locations (Private Ownership)			
	Bellevue to Region	Region to Nation	Bellevue to Nation
Employment Concentration Ratios	2.4	1.6	4.0
Source of Bellevue and regional figures: Puget Sound Regional Council. Bellevue and regional figures include *only geocoded* employment. Source of national figures: U.S. Bureau of Labor Statistics.			

Logistics & International Trade

Cluster: Logistics & International Trade 2001 Covered Employment and Business Locations (Private Ownership)					
NAICS Industry Code	Industry Components	Bellevue Jobs	Bellevue Locations	Puget Sound Region Jobs	Puget Sound Region Locations
481 Subtotal	*Air Transportation*	8	3	14458	73
481111	Scheduled Passenger Air Transportation	*	*	13,985	33
481112	Scheduled Freight Air Transportation	*	*	244	16
48121	Nonscheduled Air Transportation (all are in cluster	*	*	229	24
482111	Line-Haul Railroads	0	0	0	0
483 Subtotal	*Water Transportation*	68	4	2987	46
48311	Deep Sea, Coastal, and Great Lakes Water Transportation	64	3	*	*
483111	Deep Sea Freight Transportation	*	*	*	*
483112	Deep Sea Passenger Transportation	0	0	1,239	3
483113	Coastal and Great Lakes Freight Transportation	*	*	1,283	16
483114	Coastal and Great Lakes Passenger Transportation	*	*	*	*
48321	Inland Water Transportation	*	*	107	12
484110	General Freight Trucking, Local	0	0	1,970	129
484121	Gen. Freight Trucking, Long-Distance, Truckload	*	*	4,508	169
484122	Gen. Freight Trucking, Long-Distance, Less Than Truckload	*	*	1,894	54
484220	Spec. Freight (except Used Goods) Trucking, Local	7	3	966	153
488 Subtotal (excl. 48841 Motor Vehicle Towing)	*Support Activities for Transportation*	149	14	10824	506
488111	Air Traffic Control	0	0	0	0
488119	Other Airport Operations	0	0	1,240	16
488190	Other Support Activities for Air Transpo.	*	*	608	47
488210	Support Activities for Rail Transportation	0	0	348	14
488310	Port and Harbor Operations	0	0	151	6
488320	Marine Cargo Handling	0	0	2,440	27
488330	Navigational Services to Shipping	0	0	865	18
488390	Other Support Activities for Water Transportation	*	*	285	29
488490	Other Support Activities for Road Transpo.	0	0	79	6
488510	Freight Transportation Arrangement	143	11	4,528	318
488991	Packing and Crating	*	*	126	13
488999	All Other Support Activities for Transpo.	*	*	154	12
4931 Subtotal	*Warehousing and Storage*	0	0	*	*
493110	General Warehousing and Storage	0	0	818	39
493120	Refrigerated Warehousing and Storage	0	0	453	15
493130	Farm Product Warehousing and Storage	0	0	*	*
493190	Other Warehousing and Storage	0	0	*	*
522293	International Trade Financing	0	0	*	*
523130	Commodity Contracts Dealing	0	0	10	5
523140	Commodity Contracts Brokerage	0	0	13	6
Cluster sub-total		244	26	39,770	1,251
* Figures suppressed due to confidentiality requirements. Source: Puget Sound Regional Council. Figures include only establishments with *geocoded* locations.					

Cluster: Logistics & International Trade 2001 Covered Employment and Business Locations (Private Ownership)	Bellevue Jobs	Bellevue Locations	Puget Sound Region Jobs	Puget Sound Region Locations
Share of Total Contributed by Cluster	0.2%	0.5%	3.0%	1.5%
Source: Puget Sound Regional Council. Figures include only establishments with *geocoded* locations.				

Cluster: Logistics & International Trade 2001 Covered Employment and Business Locations (Private Ownership)	Bellevue to Region	Region to Nation	Bellevue to Nation
Employment Concentration Ratios	0.1	1.1	0.1
Source of Bellevue and regional figures: Puget Sound Regional Council. Bellevue and regional figures include *only geocoded* employment. Source of national figures: U.S. Bureau of Labor Statistics.			

Other Regional Economic Strategy Clusters

Business Services

Cluster: Businesses Services
2001 Covered Employment and Business Locations (Private Ownership)

NAICS Industry Code	Industry Components	Bellevue Jobs	Bellevue Locations	Puget Sound Region Jobs	Puget Sound Region Locations
5241	*Insurance Carriers*	*957*	*29*	*20,897*	*292*
524113	Direct Life Insurance Carriers	*	*	*	*
524114	Direct Health and Medical Insurance Carriers	*	*	*	*
524126	Direct Property and Casualty Insurance Carriers	747	12	11,084	166
524127	Direct Title Insurance Carriers	*	*	1,748	31
524128	Other Direct Insurance (except Life, Health, and Medical) Carriers	*	*	*	*
524130	Reinsurance Carriers	*	*	*	*
541310	Architectural Services	778	44	5,263	427
541330	Engineering Services	2,437	87	12,479	674
541613	Marketing Consulting Services	169	11	627	94
541810	Advertising Agencies	*	*	2,718	160
541820	Public Relations Agencies	284	12	1,088	91
541890	Other Services Related to Advertising	157	10	1,757	88
541910	Marketing Research & Public Opinion Polling	246	9	*	*
Cluster sub-total		5,198	214	49,657	1,957

* Figures suppressed due to confidentiality requirements.
Source: Puget Sound Regional Council. Figures include only establishments with *geocoded* locations.

Cluster: Businesses Services
2001 Covered Employment and Business Locations (Private Ownership)

	Bellevue Jobs	Bellevue Locations	Puget Sound Region Jobs	Puget Sound Region Locations
Share of Total Contributed by Cluster	5.0%	4.0%	3.7%	2.3%

Source: Puget Sound Regional Council. Figures include only establishments with *geocoded* locations.

Cluster: Businesses Services
2001 Covered Employment and Business Locations (Private Ownership)

	Bellevue to Region	Region to Nation	Bellevue to Nation
Employment Concentration Ratios	1.36%	1.44%	1.96%

Source of Bellevue and regional figures: Puget Sound Regional Council. Bellevue and regional figures include *only geocoded* employment.
Source of national figures: U.S. Bureau of Labor Statistics.

Tourism

Cluster: Tourism 2001 Covered Employment and Business Locations (Private Ownership)					
NAICS Industry Code	Industry Components	Bellevue Jobs	Bellevue Locations	Puget Sound Region Jobs	Puget Sound Region Locations
485991	Special Needs Transportation	*	*	1,197	19
485999	All Other Transit and Ground Passenger Transportation (primarily engaged in providing ground passenger transportation (except urban transit systems; interurban and rural bus transportation, taxi and/or limousine services)	*	*	312	6
487110	Scenic and Sightseeing Transportation, Land	0	0	*	*
487210	Scenic and Sightseeing Transportation, Water	0	0	*	*
5615	*Travel Arrangement & Reservation Services*	*1,026*	*41*	*5,515*	*428*
561510	Travel Agencies	782	34	3,732	343
561520	Tour Operators	*	*	*	*
561591	Convention and Visitors Bureaus	*	*	*	*
561599	Other Travel Arrange. & Reserv. Srvcs.	*	*	*	*
7111	*Performing Arts Companies*	*89*	*5*	*3,070*	*126*
711110	Theater Companies and Dinner Theaters	0	0	1,726	50
711120	Dance Companies	*	*	*	*
711130	Musical Groups and Artists	*	*	555	49
711190	Other Performing Arts Companies	*	*	*	*
7112	*Spectator Sports*	*	*	*1,489*	*46*
711211	Sports Teams and Clubs	*	*	902	12
711212	Racetracks	*	*	*	*
711219	Other Spectator Sports	0	0	*	*
711510	Independent Artists, Writers, and Performers	*	*	*	*
712	*Museums, Historical Sites, etc.*	*650*	*3*	*1,906*	*52*
712110	Museums	650	3	1,726	37
712120	Historical Sites	0	0	*	*
712130	Zoos and Botanical Gardens	0	0	138	9
712190	Nature Parks and Other Similar Institutions	0	0	*	*
7131	*Amusement Parks and Arcades*	*	*	*713*	*27*
713110	Amusement and Theme Parks	*	*	*	*
713120	Amusement Arcades	*	*	*	*
713210	Casinos (except Casino Hotels)	0	0	2,277	18
713290	Other Gambling Industries	0	0	329	16
713910	Golf Courses and Country Clubs	108	3	2,861	88
713920	Skiing Facilities	0	0	*	*
713930	Marinas	0	0	*	*
713990	All Other Amusement & Recreation Industries	*	*	1,902	*
7211	*Traveler Accommodation*	*1,656*	*22*	*14,996*	*393*
721110	Hotels (except Casino Hotels) and Motels	1,494	21	14,674	361
721120	Casino Hotels	*	*	*	*
721191	Bed-and-Breakfast Inns	*	*	*	*
721199	All Other Traveler Accommodation	*	*	*	*
721211	Recreational Vehicle Parks & Campgrounds	0	0	*	*
721214	Recreational & Vacation Camps	0	0	*	*
722110	Full-Service Restaurants	2,885	114	51,859	2,328
722410	Drinking Places (Alcoholic Beverages)	69	6	4,662	483
Cluster sub-total		6,709	216	94,543	4,356

* Figures suppressed due to confidentiality requirements.
Source: Puget Sound Regional Council. Figures include only establishments with *geocoded* locations.

Cluster: Tourism 2001 Covered Employment and Business Locations (Private Ownership)	Bellevue Jobs	Bellevue Locations	Puget Sound Region Jobs	Puget Sound Region Locations
Share of Total Contributed by Cluster	6.5%	4.0%	7.1%	5.2%
Source: Puget Sound Regional Council. Figures include only establishments with *geocoded* locations.				