

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

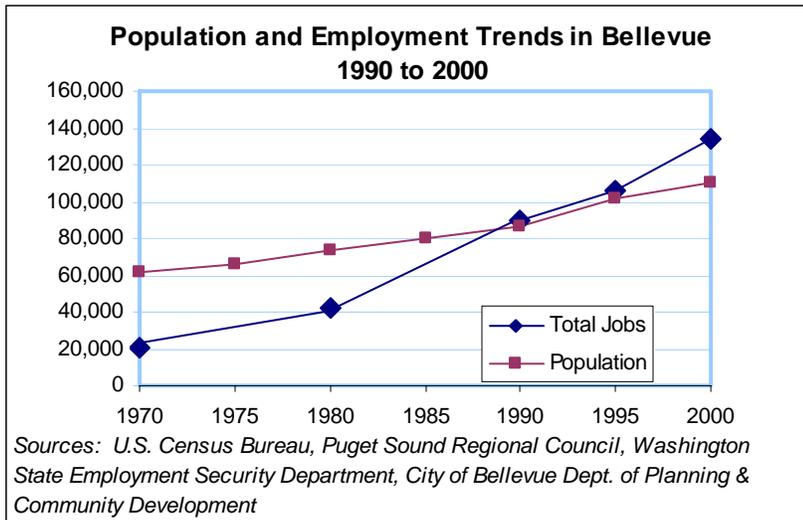
As shown in the table below, while population growth in Bellevue has been vigorous during the past few decades (with growth approaching or exceeding 20 percent per decade), employment growth has been even more so.

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.



(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 subarea² 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%
<i>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</i>					

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

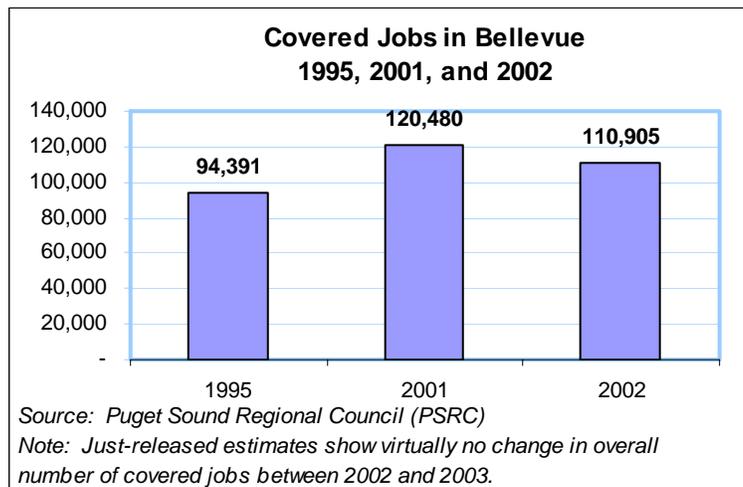
This section summarizes job growth trends in Bellevue and the Puget Sound region in recent years. The relative contribution of different industry sectors to the growth of Bellevue's economy within this recent time period is also highlighted and discussed in some detail.

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.



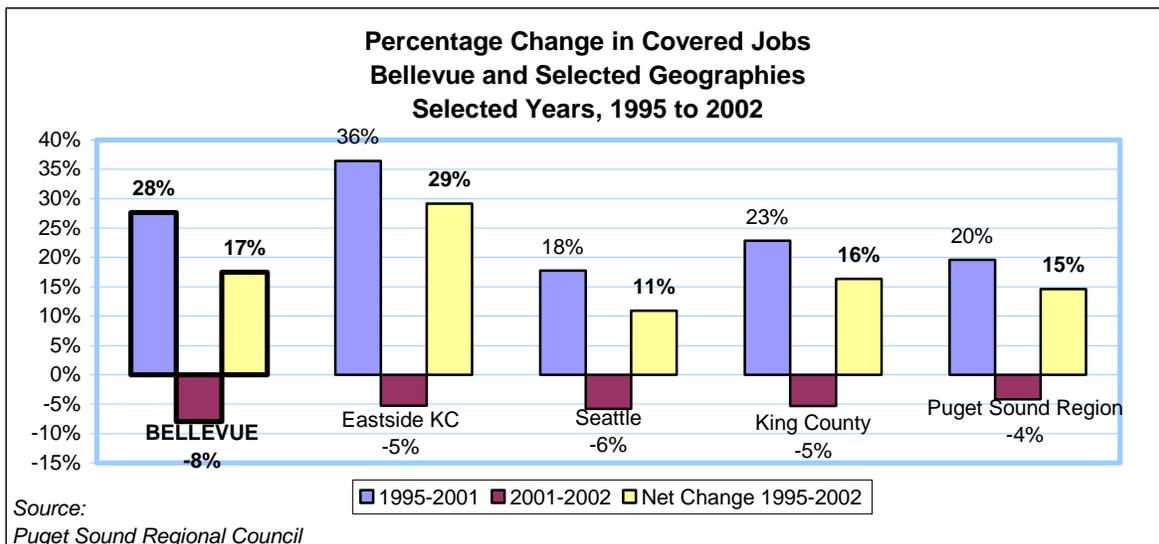
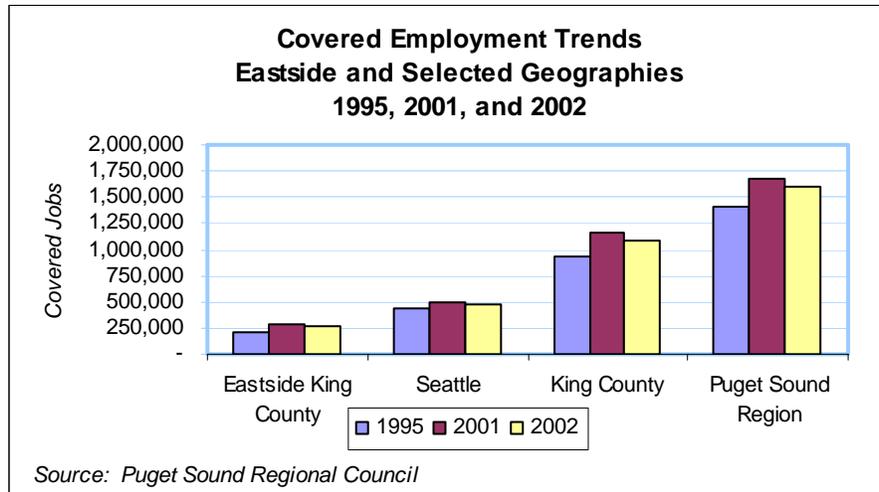
Even after the job losses incurred regionally and locally between 2001 and 2002, Bellevue had substantially more covered jobs in 2002 than in 1995. In the year 2002 there were about 111,000 covered jobs or about 125,000 total jobs in Bellevue.

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

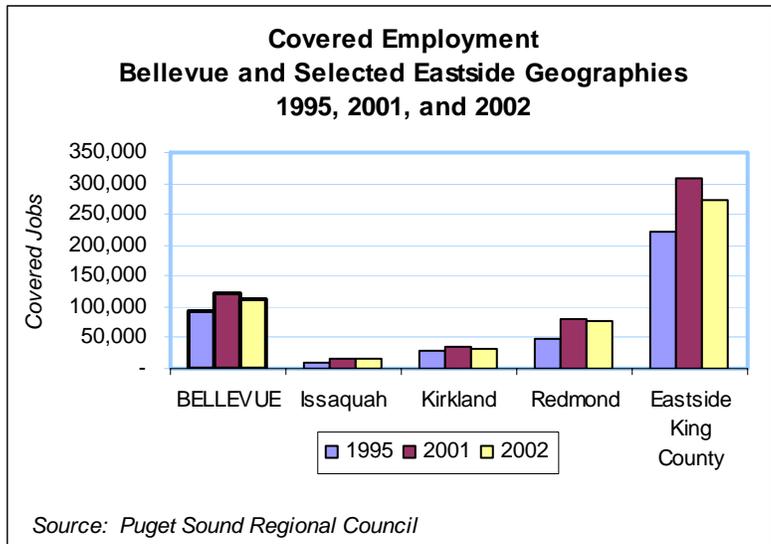
Overlake area of Redmond (which borders Bellevue) where Microsoft’s Corporate Campus is located. **The presence of Microsoft has likely been a major factor aiding both Redmond and other Puget Sound neighbors, including Bellevue, in attracting High-Tech business and job growth.**⁷

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 the time the profile analysis was completed.

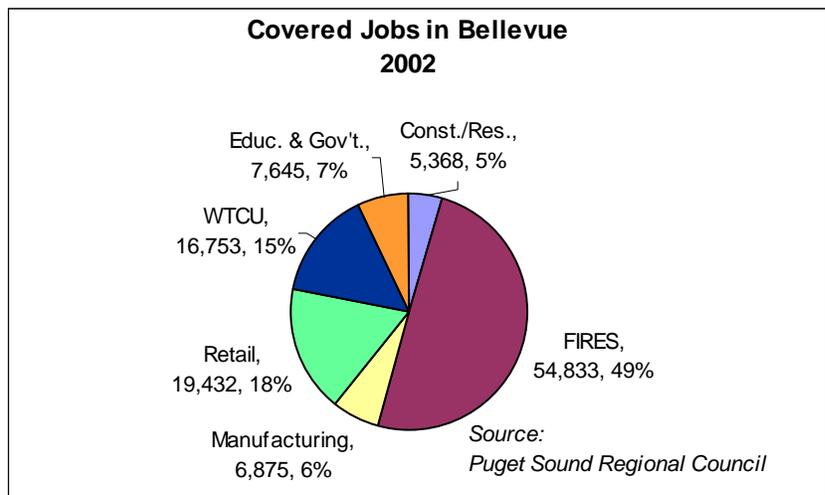
Appendix A provides a brief summary of 2003 covered employment in Bellevue by NAICS industry codes, and shows how employment by NAICS-coded industries changed between 2002 and 2003. The industry analysis in this profile’s final chapter examines Bellevue’s employment in regionally important clusters identified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

Major Industry Sectors

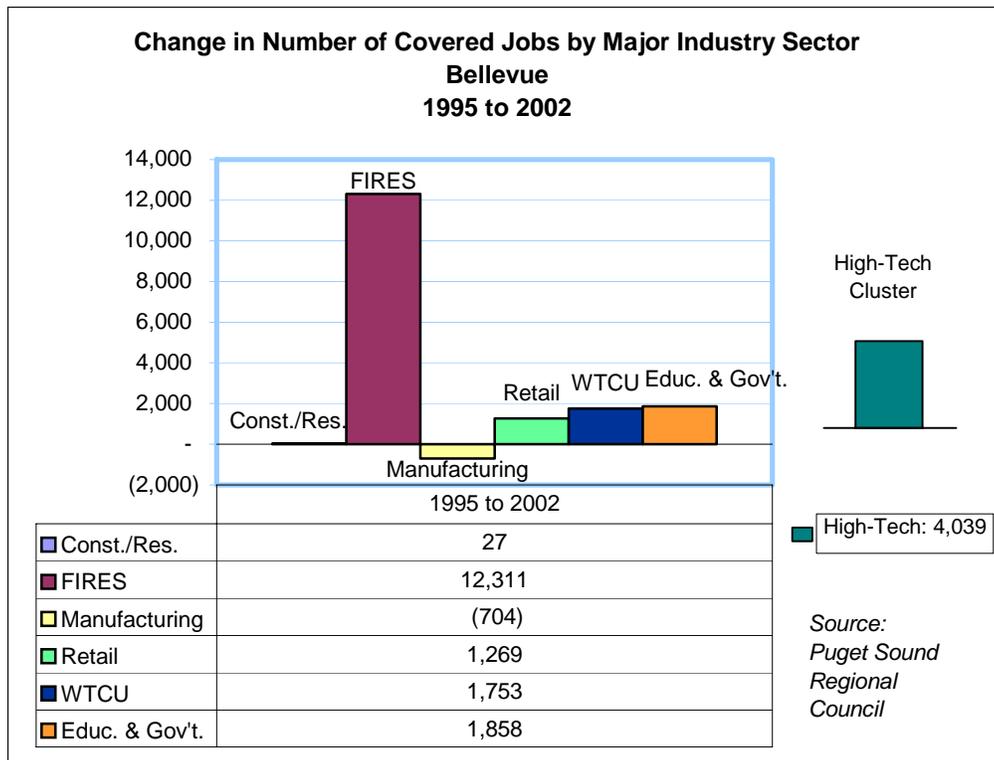
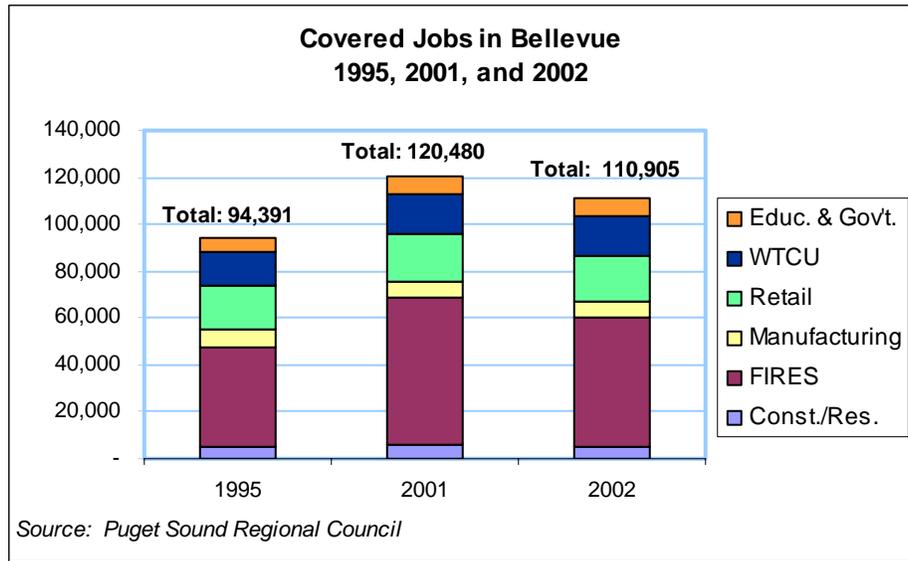
In the year 2002 Bellevue had 110,905 covered jobs. (The estimate of Bellevue’s total jobs in 2002 is approximately 125,000). Approximately 54,800, or just under half of covered jobs in Bellevue are in the FIRES sector (a sector which encompasses jobs in Finance, Insurance, Real Estate, and Services). 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.



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 & Srvc.	1,144	433	61%
63	Insurance Carriers	1,075	(503)	-32%
64	Insurance Agents, Brokers and Srvc.	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.**

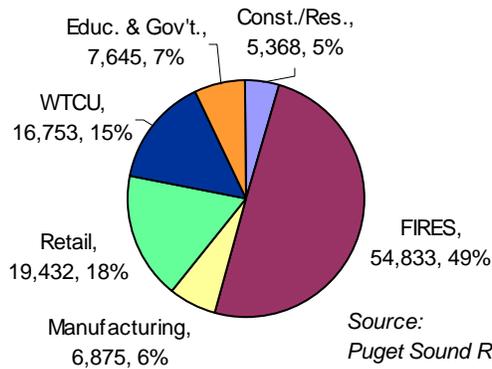
The Radiotelephone Communications (i.e. cellular and other wireless) group of industries provided most of the new jobs in Telecommunications. Within Telecommunication, the number of Radiotelephone communications jobs grew by 92 percent while employment in other telephone communications *fell* by 67 percent.¹⁴ **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

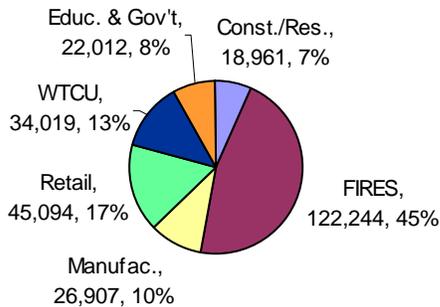
2002 Employment by Industry Sector

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:

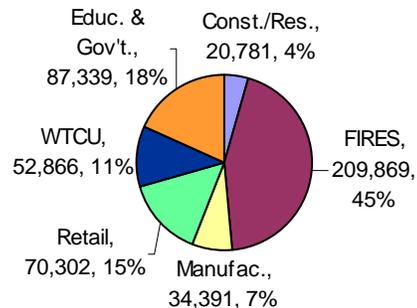
**Covered Jobs in Bellevue
2002**



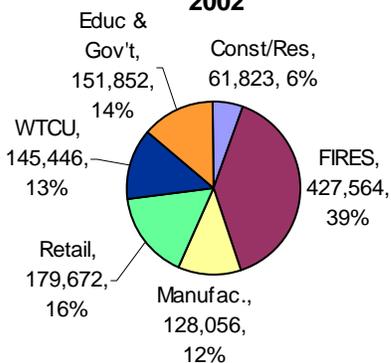
**Covered Jobs in Eastside
2002**



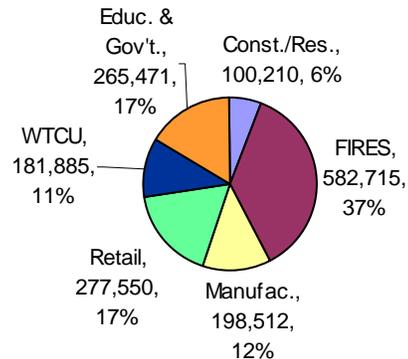
**Covered Jobs in Seattle
2002**



**Covered Jobs in King County
2002**



**Covered Jobs in Puget Sound Region
2002**

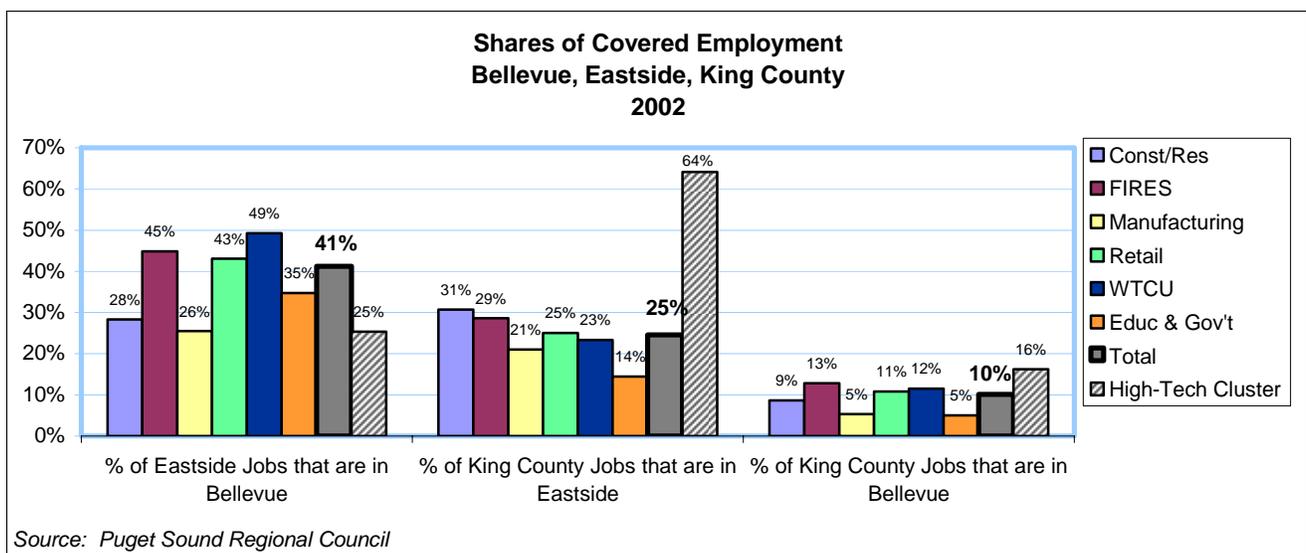


As previously noted, much of the Puget Sound region’s economic strength over the past several decades has been due to the growth of the FIRES sector. The FIRES sector made up 37 percent of overall jobs in the region and 39 percent of jobs overall in King County in 2002. The distribution of employment 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.

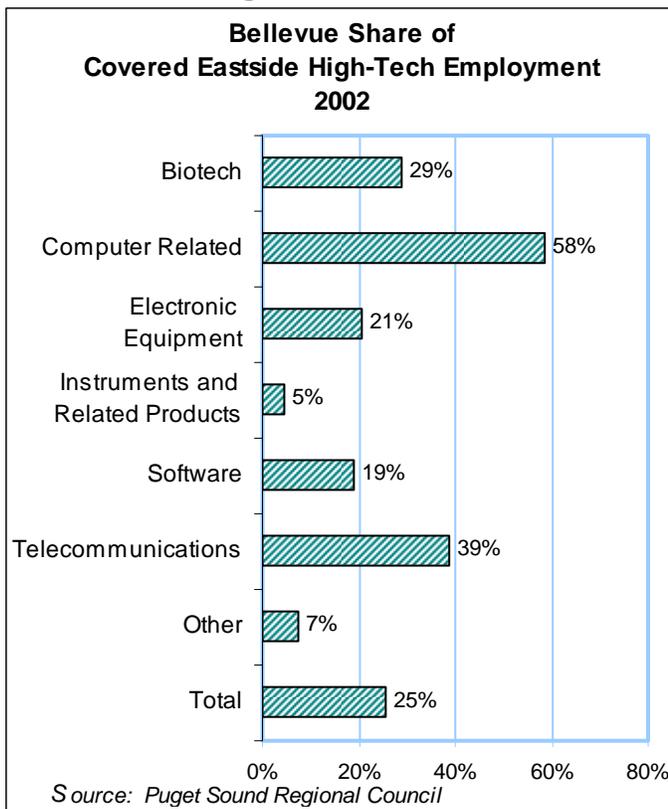
Conversely, Bellevue has a smaller percentage of its jobs in the Manufacturing sector than does King County and also the Puget Sound region as a whole. In the county and region, 12 percent of jobs in the county and region were in the Manufacturing sector in 2002, whereas only 6 percent of Bellevue’s 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.

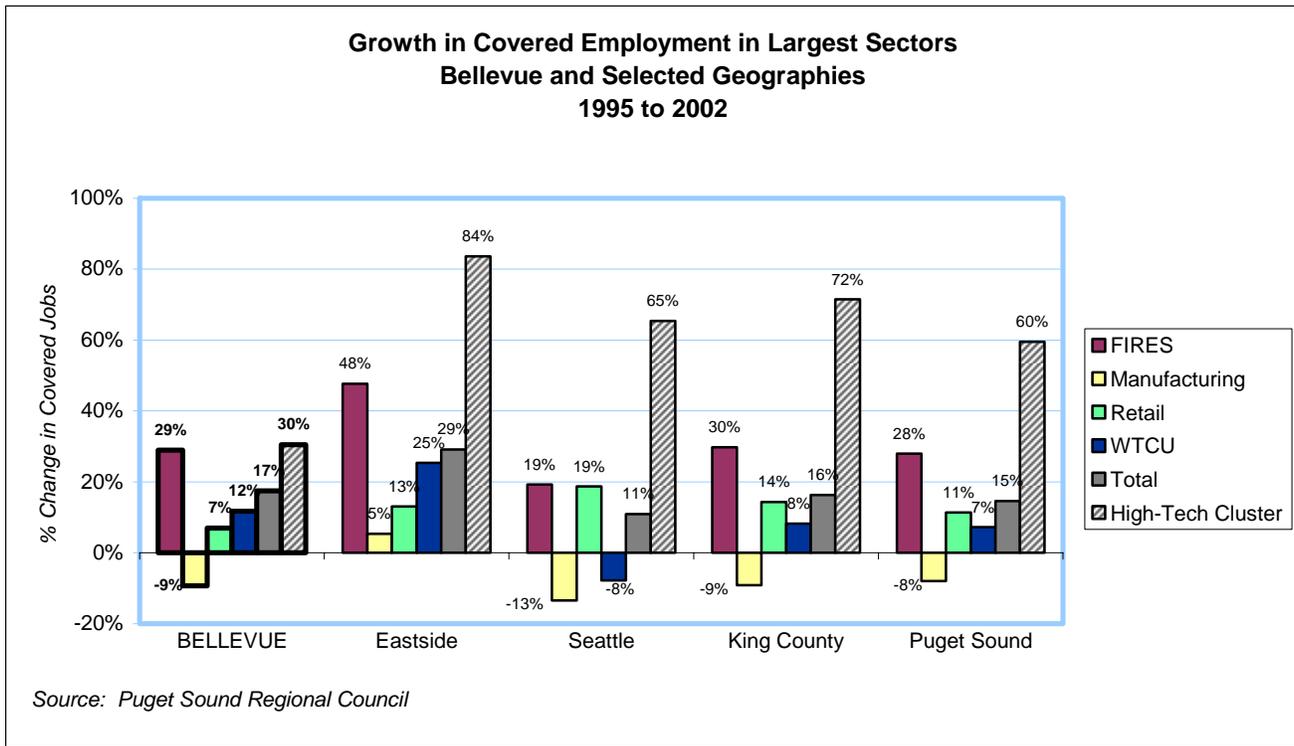
Employment Trends by Sector: 1995-2002

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								
Number of Jobs in 2002								
	Const./ Res.	FIRES	Manuf.	Retail	WTCU	Educ. & Gov't.	Total	High- Tech Cluster
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								
Change in Number of Jobs 2001 to 2002								
	Const./ Res.	FIRES	Manuf.	Retail	WTCU	Educ. & Gov't.	Total	High- Tech Cluster
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.*

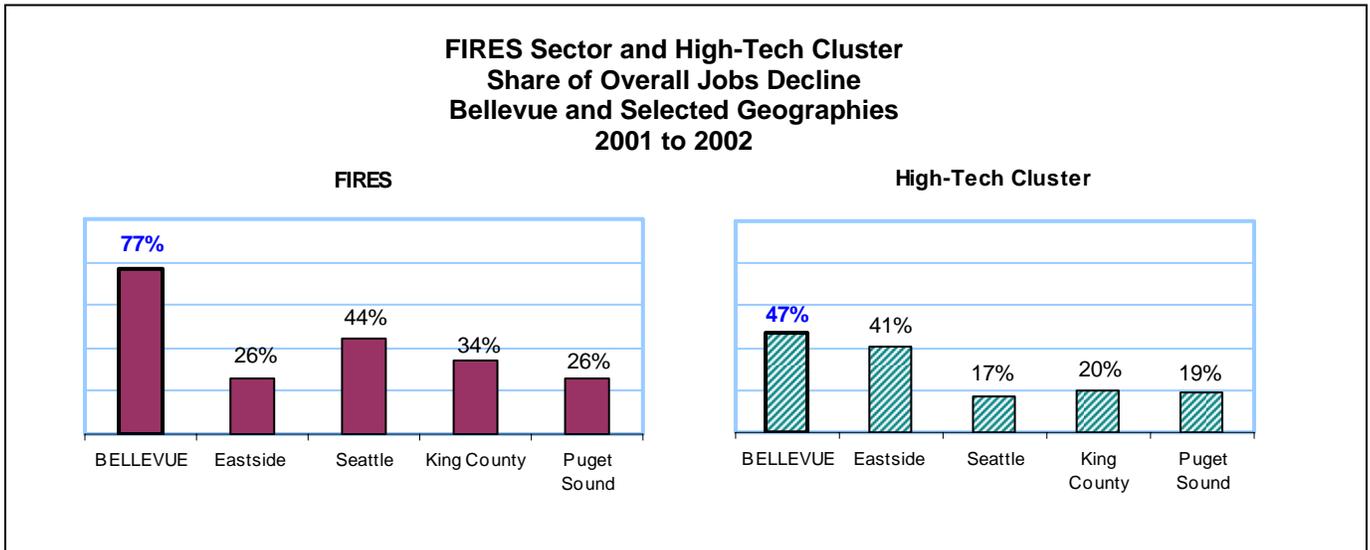
In Bellevue, the biggest declines between 2001 and 2002 were in the industry subsectors shown in the following table.¹⁶ Five of the eleven subsectors shrinking by more than 250 jobs were in FIRES. The subsector with--by far--the greatest loss between 2001 and 2002 was the FIRES' Business Services subsector, 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 & Srvcs. 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.

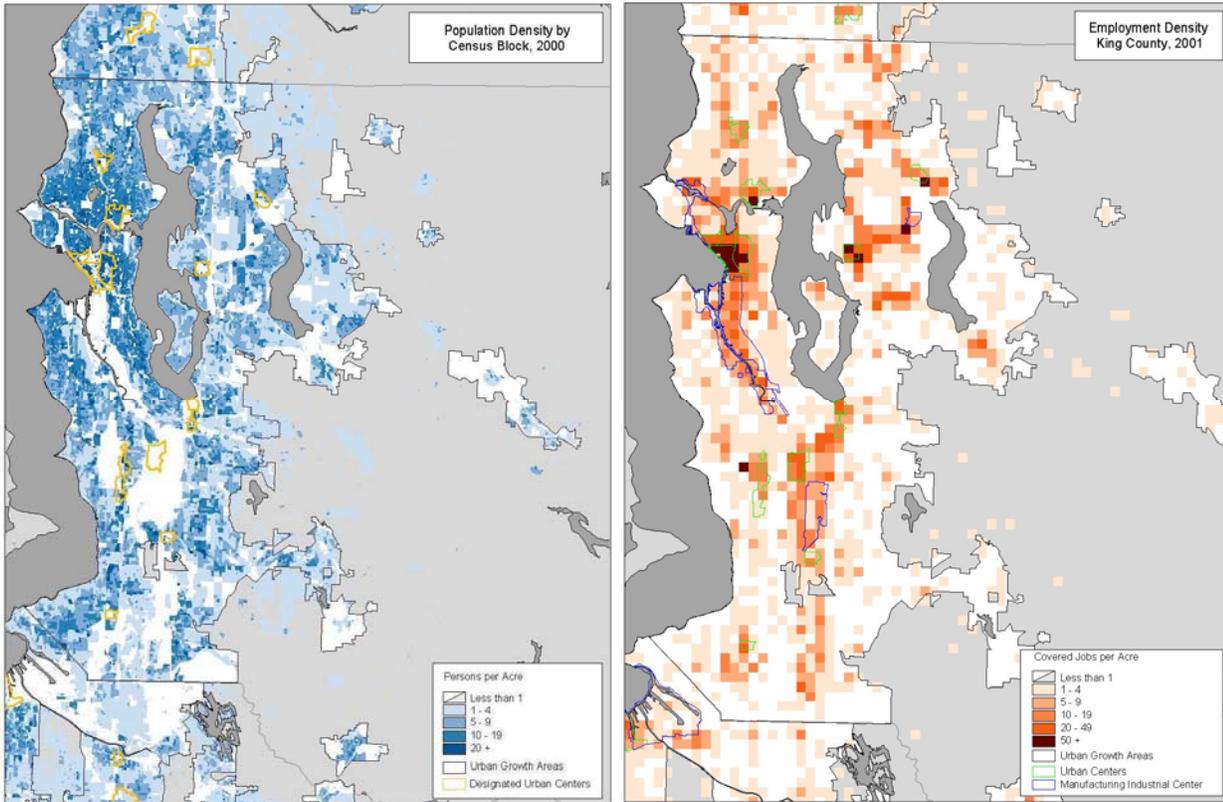
Within the Eastside, there are bands of employment density on the Eastside from Downtown Bellevue along the Bel-Red Corridor to Overlake and along I-90 Corridor (Eastgate). Maps on the following page show employment density and population density for the region as a whole. (More detail on Bellevue's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



Maps reprinted with permission of Puget Sound Regional Council

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:

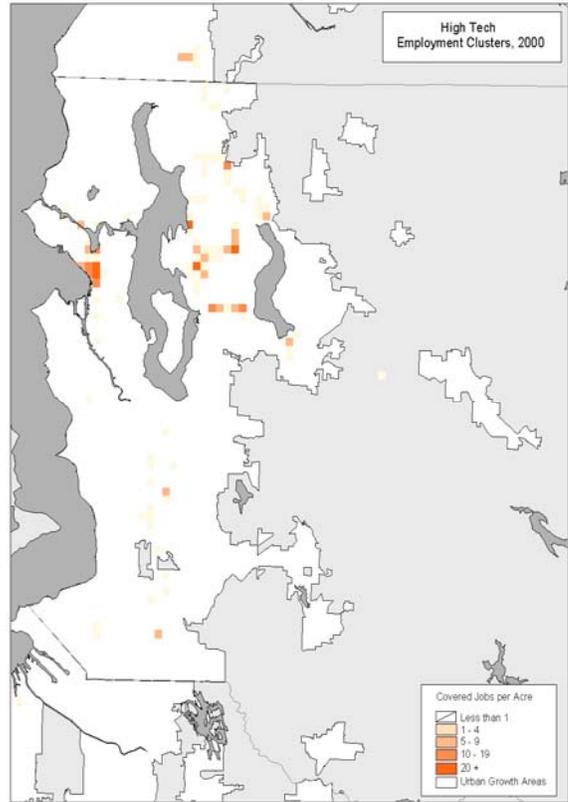
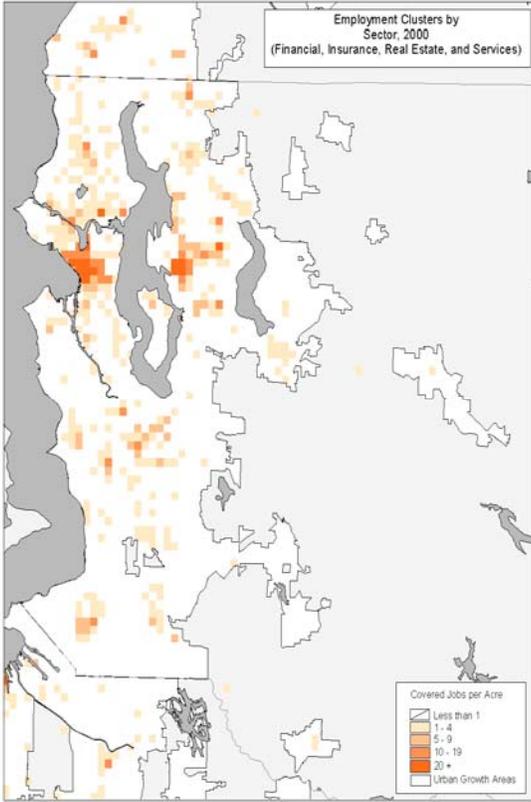
- **While many areas of the region have some concentrations of FIRES and Retail jobs, Seattle and Bellevue have the most dramatic concentrations of jobs in these sectors.**
- **Employment in the High-Tech cluster shows substantial concentrations only in Seattle and the Eastside.**
- **Bellevue is also 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)

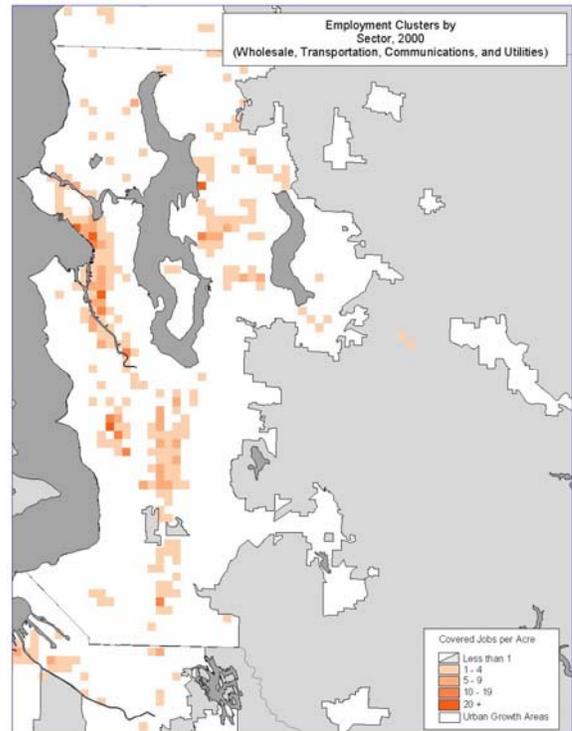
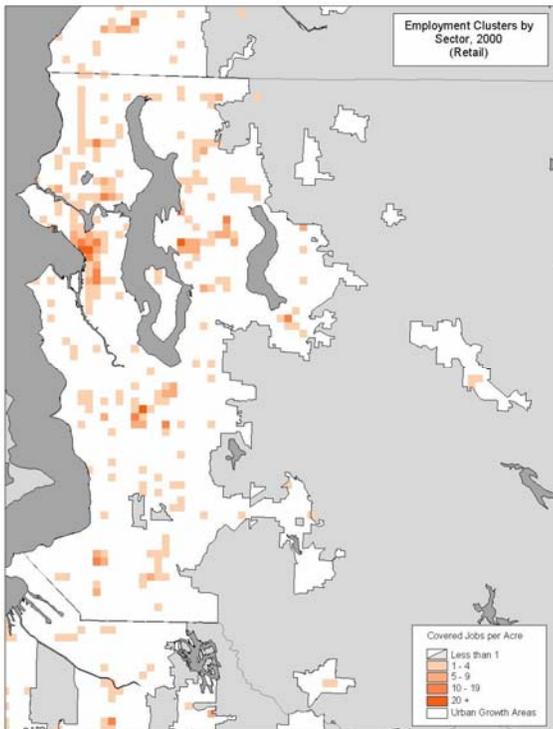
High-Tech



Maps reprinted with permission of Puget Sound Regional Council

Retail

WTCU (Wholesale Trade, Communic. & Utilities)



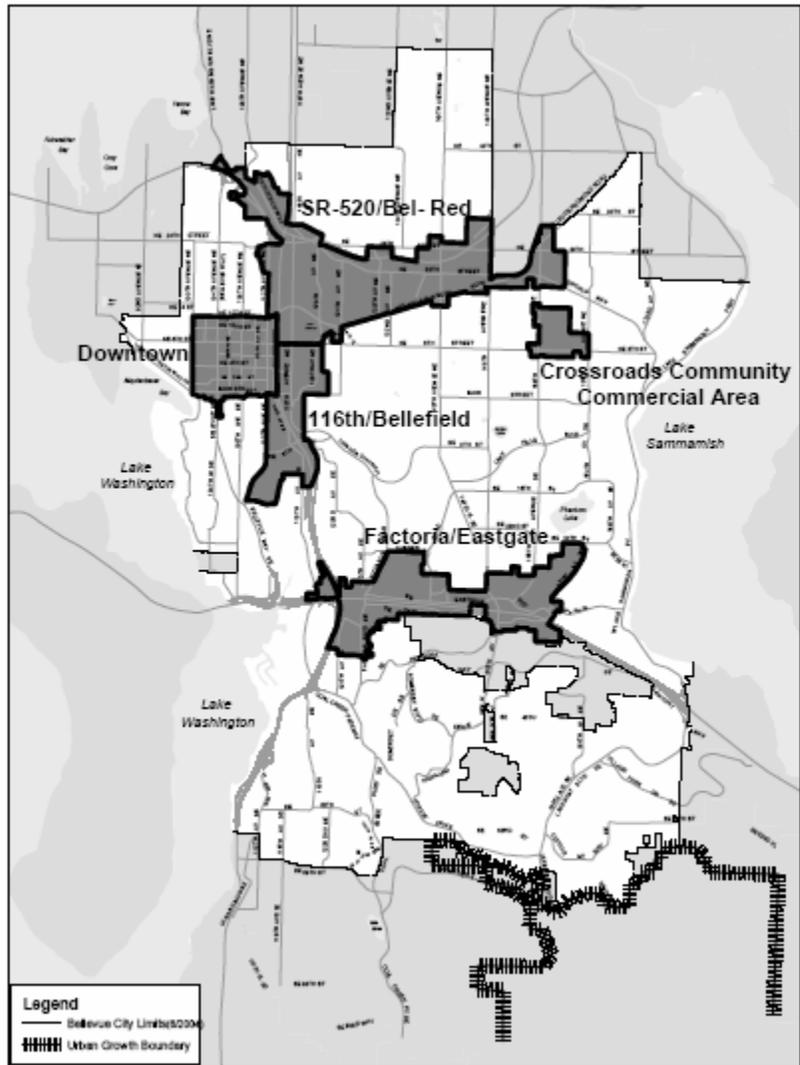
Bellevue’s Job Centers

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 "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 116th/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 60 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

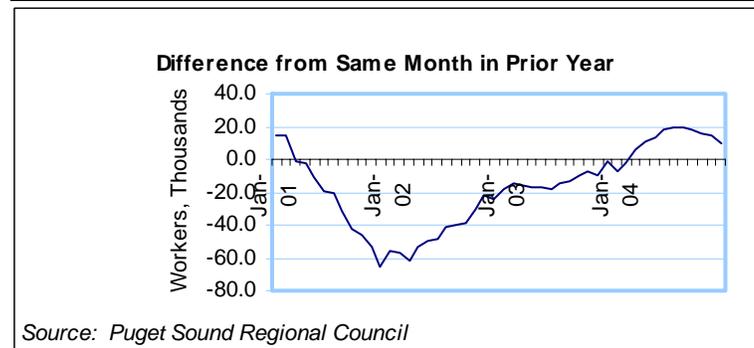
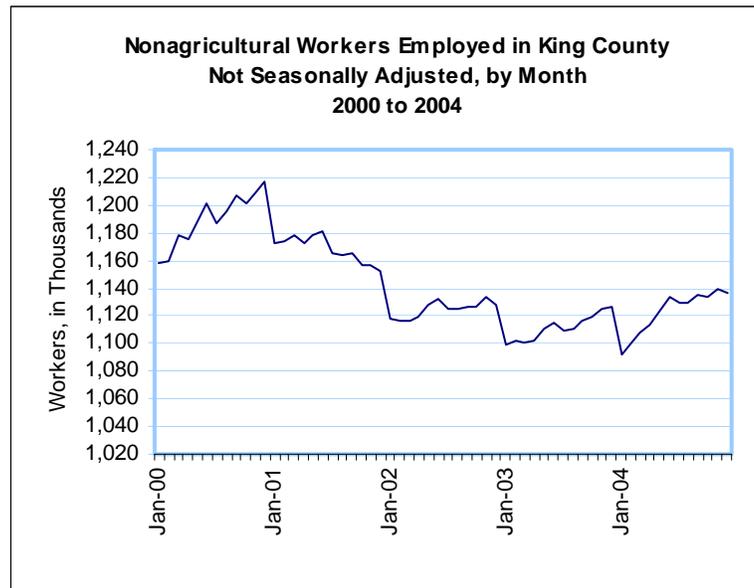
The direction of trends in covered employment in Bellevue generally followed the trends in King County between 1995 and 2002. Based on this, it is likely that job numbers in Bellevue would also have taken a fairly similar path to King County’s in more recent months and probably started to recover sometime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



Source: Puget Sound Regional Council

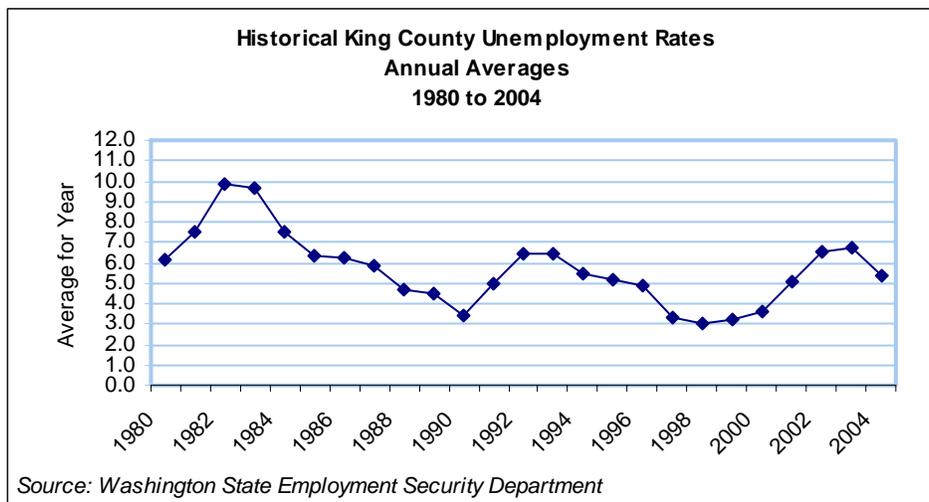
The LAUS figures relate to the *residents* of the reference geography, while the other figures analyzed in this chapter refer to *workers* employed in Bellevue. About 61 percent of employed Bellevue residents work outside the city’s boundaries, primarily in King County.²⁷ The fact that Bellevue residents 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.

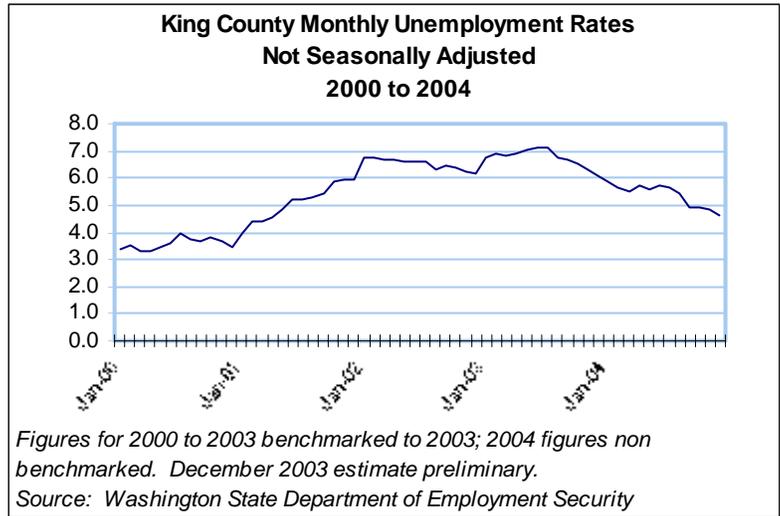
Historical annual unemployment rates in King County (back to 1980) are shown in the chart below. While recovery from the 2001 recession has been slow, unemployment rates actually started at a lower level and did not go as high in the 2001 recession as in the 1981 recession.



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 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 in 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/repesappa.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.