



Development Opportunities in the Eastgate/ I-90 Corridor

Prepared for the City of Bellevue

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STRATEGIES

Summary

Spinnaker Strategies prepared this report to identify development opportunities in the Eastgate/ I-90 corridor as part of the City of Bellevue's update of plans for the area. Here are the key findings:

1. Over the next 20 years, there will likely be market demand for up to 1.5 million square feet of office space, up to 200 new hotel rooms and about 1800 residential units.
2. The corridor's location on the I-90 freeway, at the intersection with I-405, has largely defined the history and development of the study area. This is one of the region's most primary business centers, employing roughly 25,000 people. The area's proximity to the freeway system, and its convenient access to urban services, educational resources, and natural recreational amenities, makes it a highly desirable place to locate a business, now and in the future. Opportunities exist throughout the corridor to accommodate additional growth and take advantage of the area's amenities.
3. Despite the attributes that attract business to this corridor, future changes to or intensification of land uses will face certain challenges. These include environmental issues (streams, wetlands, steep topography), embedded investment and established land use patterns (including institutional holdings), and limited road capacity. These challenges will need to be addressed if the Eastgate/I-90 corridor is to realize its economic potential over the coming decades.
4. One area that has greater potential for additional development is "Richards Valley", north of the freeway and east of Richards Road, and the Bellevue Community College campus. Richards Valley is almost the same distance north from the intersection of I-90 and I-405 as T-Mobile's high-rise office buildings are south of it, yet it is filled with warehouses and light-industrial uses. There is potential here for adapting and changing the buildings to draw start-up and R&D uses, for the Eastside needs more places to incubate young companies. It could be an interesting place that mixes together newer tech companies with more traditional industrial functions, recreational uses, destination pubs and coffee houses and even educational and training facilities shared between industry and Bellevue College.
5. There is potential for both residential and retail development on the Bellevue College campus, which sits at the heart of a lightly-developed area between neighborhoods to the north and the freeway corridor to the south. Depending on the college's growth plans, there could be a demand for mid-rise and high-rise student housing on the campus, akin to development on college campuses in British Columbia. If the campus were to locate libraries or sports facilities closer to 148th Avenue and make these available for use by the general public, these "anchors" would probably support up to 15,000 square feet of retail development, including a coffee shop, copy store, brew pub and book store.

6. There are opportunities for office or hotel development scattered throughout the study area. These include the strip immediately north of Eastgate Way and west of Richards Road near the freeway, next to and on part of the park-and-ride lot, on parking lots next to existing buildings northeast of the 148th Avenue exit, and on the RV park site east of Eastgate Plaza.
7. Although most of Factoria is outside the study area, the redevelopment of the mall there and the properties around it will be important to keeping the corridor strong, keeping it competitive with urban centers like downtown Bellevue and other walkable places. The corridor a center that supports office uses, one with a combination of better sit-down restaurants, hotels, shops and service businesses.
8. The most effective way to guide redevelopment at the neighborhood and site level is through local plans that have a strong vision and that are coupled with infrastructure financing mechanisms like local improvement districts. Flexible zoning will be an important tool as well, for it is difficult to predict and prescribe what exact combinations of live, work and shopping should be allowed in a given place.

Introduction

The City of Bellevue Planning Department commissioned this market analysis as part of its review of the land use plans for the Eastgate/ I-90 commercial corridor. Bellevue periodically updates its land use plans throughout the city.

This analysis identifies the amount of development that could occur in different sub areas of the corridor over the next 20 years. This analysis also looks at Eastgate's role in the overall economy of the city and how land there can be better used to help the city compete and win economically.

Chapter 1 provides an overview of the area, including the pattern and history of development. Chapter 2 describes the market demand for different types of development, including office space, R&D space, housing, retail space and hotels. Chapter 3 considers the various physical, regulatory and financial obstacles to development. The last chapter describes various tools and incentives to help realize a new plan that will encourage investment and redevelopment.

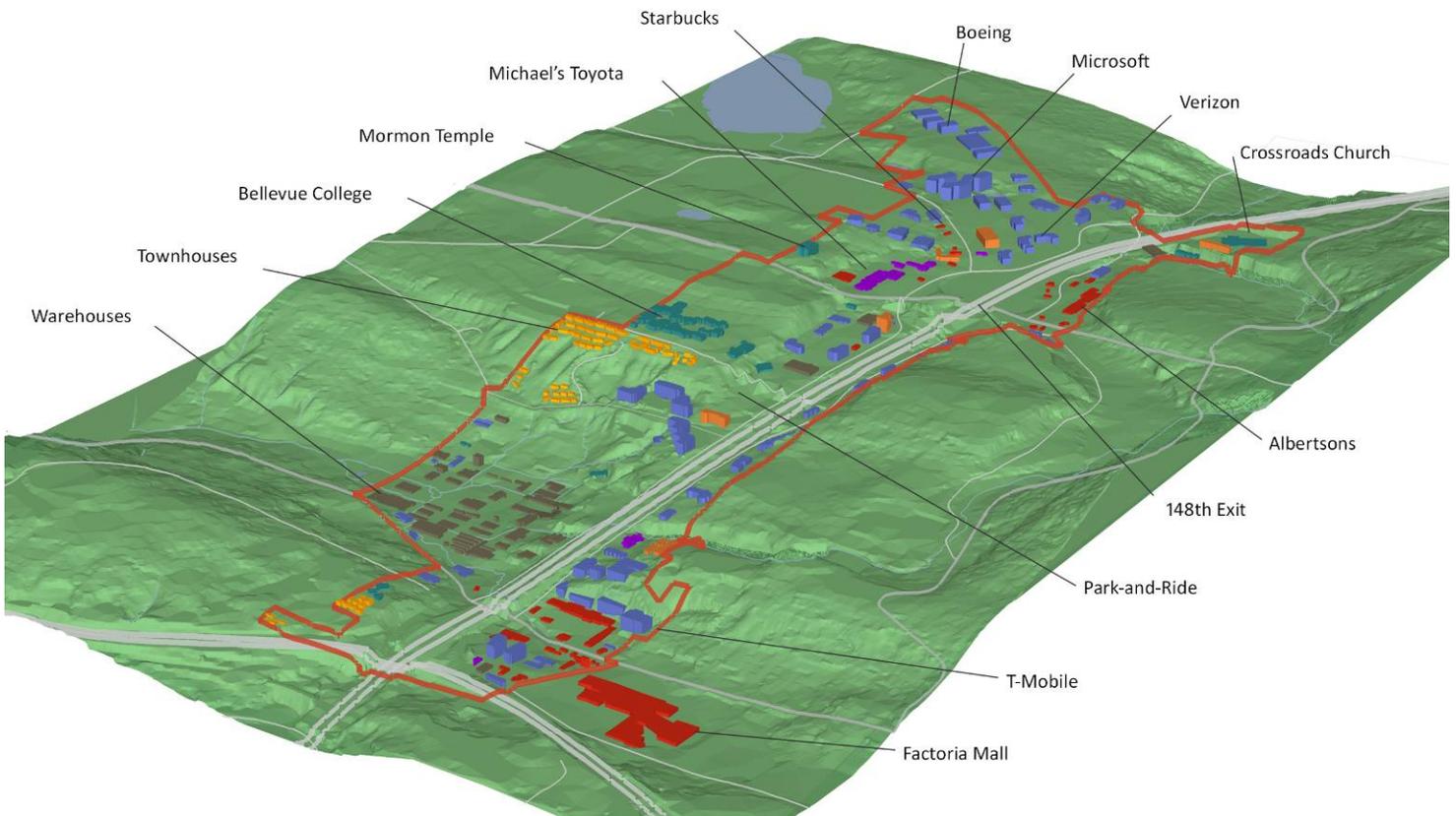
Rod Stevens prepared this report. Rod is the principal of Spinnaker Strategies, a Bainbridge Island consulting firm specializing in revitalization and the strategic use of real estate. Mike Bergstrom is the City of Bellevue project manager for the plan update and served as Rod's primary point of contact with the City. These recommendations and comments are solely those of the consultant.

Overview of the Area

The history and development of Eastgate is largely defined by the presence of the I-90 freeway, which divides the area north and south and whose interchange with I-405 is one of the most important in the region. About 25,000 people work in the area, making it one of the region's most primary business centers.

It is not just offices that have been drawn here. Major regional institutions like the Mormon Temple and Bellevue College chose to locate near this freeway, to which they are now connected by ramps that speed people up and down the hill on 148th Avenue. In or near the study area there are also three grocery stores, eight churches, a synagogue, three day care centers, one private school, six hotels, three auto dealerships, several clusters of hillside townhouses and a warehouse district.

This area is also crisscrossed by creeks, wetlands and wooded slopes. Eastgate is really not one place but many. The map below shows these major physical features as well as distinctive uses and users.

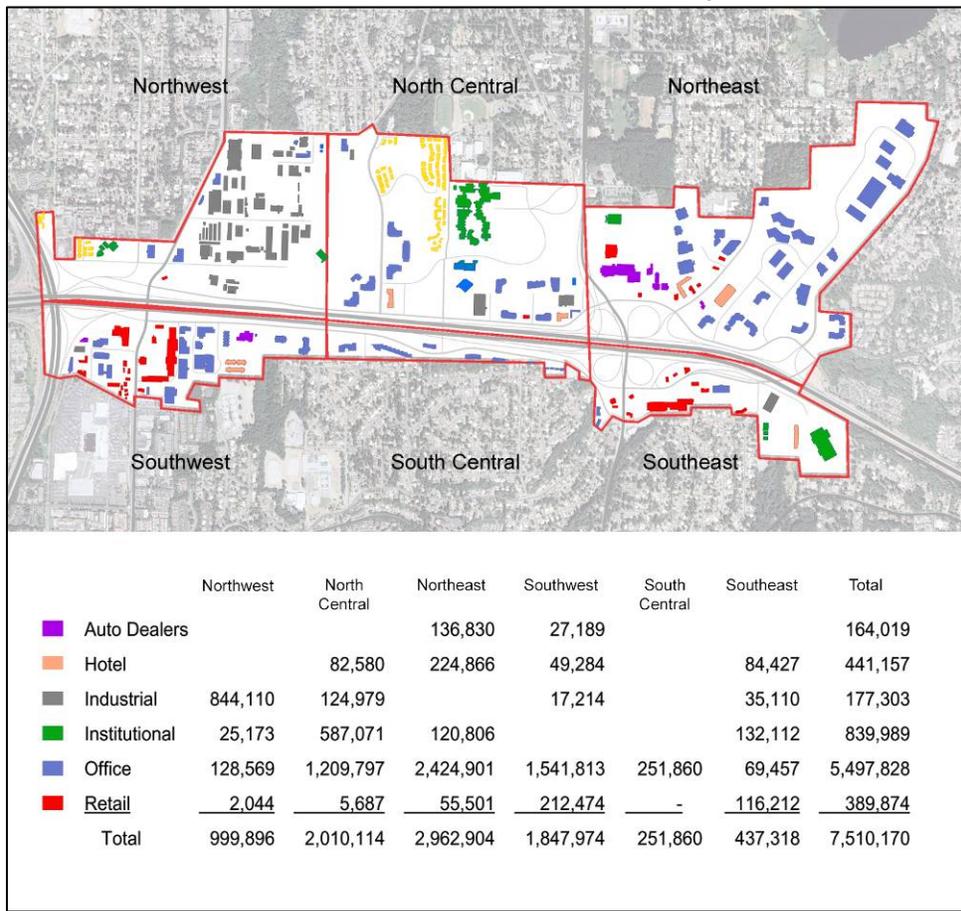


Development Patterns

The map below shows the amount of different types of building space in six major subareas. Table 1 in the appendix shows the floor area ratio for these uses as well as the volume of construction by use by decade.

When most people think of Eastgate, they think of the T-Mobile office towers and Factoria Mall to the south of them. Few people realize that there is even more office space northwest and northeast of the freeway exits at 148th Avenue. Much of this office space is in the valley where 160th Avenue runs north from the interchange. This valley was originally a land-fill and was then made into an air strip. Later Boeing created a gated office complex there with six buildings. In recent years Schnitzer West built new mid-rise buildings nearby that are now occupied by Microsoft. That complex and the six-building Sunset Corporate Campus at 142nd Place were the last two major office developments built in the area, the Sunset complex opening in the 1990s.

There is about 400,000 square feet of retail space in the area, the equivalent of three grocery-anchored shopping centers. About half of this space is located at Factoria and includes QFC and the other shops in Loehmann's Plaza as well as the movie theater across the street. The other major retail center is Eastgate Plaza, southeast



of the 148th Avenue exit, where Albertson's and Rite Aid are located. Michael's Toyota occupies land north of the 148th Avenue exit that used to be a community shopping center with a Safeway store, but when that retail center converted to other uses it left little remaining retail, other than a few restaurants. Michael's Toyota is located where one would expect to find Kinko's and Starbuck's together, but instead these two companies are that act as business indicators separated.

Bellevue College began in the 1960s, while most of the warehouses east of Richards Road, in "Richards Valley", opened in the 1960s and 1970s. The Mormon Temple opened in 1980, and it was at about that time that the area became popular for office development. Developers had built almost no office space here before 1980 but by 1990 they had completed 2.8 million square feet of office space. They added another 1.5 million square feet by 2000, and another 1.3 million this last decade. Office development has slowed as the area has run out of vacant sites, and as the overall economy has slowed.

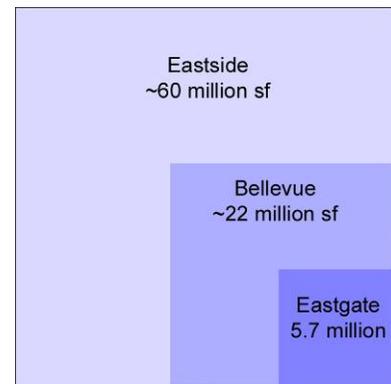
Development Opportunities

Left to its own devices, this area would probably continue to develop with small office buildings and roadside hotels on infill sites, as well as some subdivision of the warehouses in Richards Valley. There are four basic questions that relate to the market potential of this area:

1. What is the potential for more employment-related uses, and how does this area compete with other employment centers on the Eastside?
2. How can the retail uses be retained and strengthened to continue to serve the adjacent neighborhoods and business corridor?
3. How much more residential space might be developed here?
4. What is the potential for transit-oriented development, especially at the park-and-ride stop, currently King County's largest?

Office Demand

All told, there is about 60 million square feet of office space on the Eastside. Bellevue has about a third of this and Eastgate slightly less than a tenth. Eastgate attracts companies that want to tap the regional labor force, especially administrative and back-office workers. This area is particularly attractive for large corporate users like T-Mobile, Boeing, Microsoft and Verizon, companies that occupy about 40 percent of the space at Eastgate.



Eastgate's share of Eastside office space.

These four companies are also worldwide leaders in the three major industries that have driven the Eastside economy: software, aeronautics and wireless service. Microsoft alone occupies about one-fourth of all the office space on the Eastside.

On the Eastside, the phenomenal growth of the software and wireless industries led to the absorption of almost 50 million square feet of office space over the last 35 years, an average of about 1.4 million square feet per year.¹ Much of this

¹These and other statements about historical absorption are based on figures from Costar and from a Jones Engineering survey of Eastside office space provided by Jennifer Cash of Colliers, International. The Jones study estimated total occupied Eastside space was about 7.5 million square feet in 1986. I have adjusted the figure for the 1985 inventory base (the earliest year for which good data is available) from 7.5 to 10 million to allow for

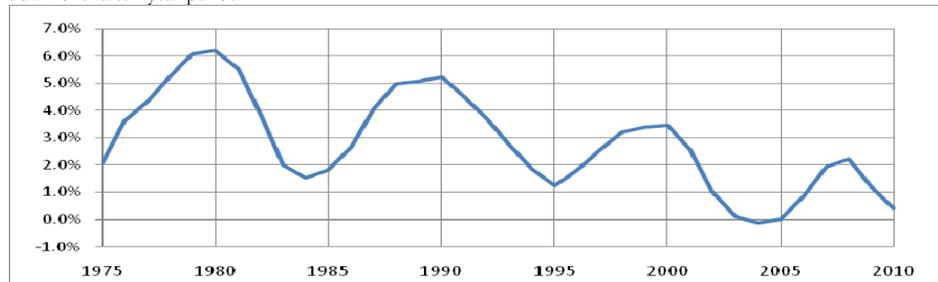
development started in Eastgate, downtown Bellevue and at Microsoft, and then spread out to include Issaquah, downtown Redmond, Avondale Road, and Bothell. Now even the westerly banks of the Sammamish River between Redmond and Woodinville are beginning to fill with offices. Some brokers tend to discount Bothell as being too remote and far from Highway 520 and I-90, but that area has become one of the two regional clusters for biotechnology companies and should not be ruled out as a major competitor.

Regional employment growth has slowed considerably the last ten years. Between 1970 and 2000, the region added between 300,000 to 400,000 jobs each decade, while the last ten years regional employment growth has slowed significantly.² The slow down on the Eastside has not been as great, but office absorption is off by about two-thirds from previous levels, dropping from an annual average of about 2.7 million square feet between 1985 and 2000 to about 800,000 to 1.0 million square feet per year since 2000³.

It is difficult to project future Eastside demand for office space over the next 20 years, but it is almost certain that the driving industries will not keep hiring at the same rate they did over the last 20 years, and no one knows who will take their place. Nor do we know if the patterns of past development, driven by freeways and the opening of edge cities, will continue to prevail, pulling growth out and away from the center, or if freeway congestion and high oil prices will drive people back to the center. Theorists have been predicting denser, more “center focused” development for the last 20 years, but the patterns have been slow to change. Over the next 20 years the region may continue to fan out, with new centers growing up to serve the new periphery.

government and owner-occupied buildings. At the end of 2009 Costar listed total occupied space of 50.3 million, but Costar appears to have undercounted Microsoft’s area by at least five million square feet. Therefore I have adjusted the current total upwards from 50 to 60 million square feet to account for government space and the under-counted Microsoft space. The difference between the adjusted 2010 and 1985 inventory is 50 million square feet.

²Based on PSRC employment data, the graph below shows the five-year rolling average growth rate for regional employment over each of the last 30 years. Note the cyclical and downward trend. In 2004, for example, the employment growth over the previous five years had been essentially zero. Employment has typically cycled up and down over a ten-year period.



³ Unfortunately there is no good survey data year-by-year for this period, for the brokerage community only tracked larger for-lease buildings and not owner-occupied, and even the for-lease data is often inconsistent or incomplete. Regardless of the precision of the figures above, however, the overall conclusion is the same: the Eastside has seen a dramatic fall-off in office absorption that, if not mirroring, at least tracks the slow-down in regional employment growth.

Looking ahead, projections made by the Puget Sound Regional Council (“PSRC”) for Eastgate imply absorption of one million square feet per year on the Eastside over the next 20 years. PSRC projects that Eastgate will attract about six percent of the future job growth. This means that Eastgate may absorb a total of about 1.2 million square feet of office space over the next 20 years.⁴ The City should plan for a range, however, from 1.0 million to 1.5 million square feet over this period.

There is a difference between making an overall projection of demand and capture rates and actually achieving that development. Doing so requires developable sites with the right kind of product. Eastgate has largely run out of vacant land and developing most of the infill sites will require replacing surface parking lots with garages, an expensive proposition. There are signs that Eastgate as a work place is becoming less attractive to the new generation of employees who want a different kind of work environment. This area grew up because of its freeway connections, but it has begun to lose some of the more technical companies that depend on hiring the best and brightest skilled young people, young people who, in many cases, no longer want to work in suburban office parks. Two years ago, for example, Expedia moved 1700 workers to downtown Bellevue from three buildings that are still vacant, citing downtown’s amenities as a primary reason for the move. The next generation of workers wants to “live first/work second”⁵. This is leading them to hire on with companies in places where they can walk to work, run errands in the middle of the day, go out for drinks and eat dinner with colleagues, and then return to the office for work into late hours of the evening.



One of three buildings at the Sunset Corporate Campus on 139th Avenue formerly occupied by Expedia.

For Eastgate to stay competitive, and not to lose rent relative to downtown Bellevue or downtown Redmond or even to central Seattle, it will need more services and amenities. These need not be walkable from every office, but they need to be in a walkable place, a place that has a variety of activities and that is relatively close to both work and home. In this respect, the City’s desire to provide more goods and services for local residents coincides with its desire to keep Eastgate a strong employment center.

⁴ The PSRC projects about 175,000 new jobs on the Eastside between 2000 and 2030. The projected absorption figure above assumes that 75 percent of these jobs are in offices and that each employee occupies 225 square feet.

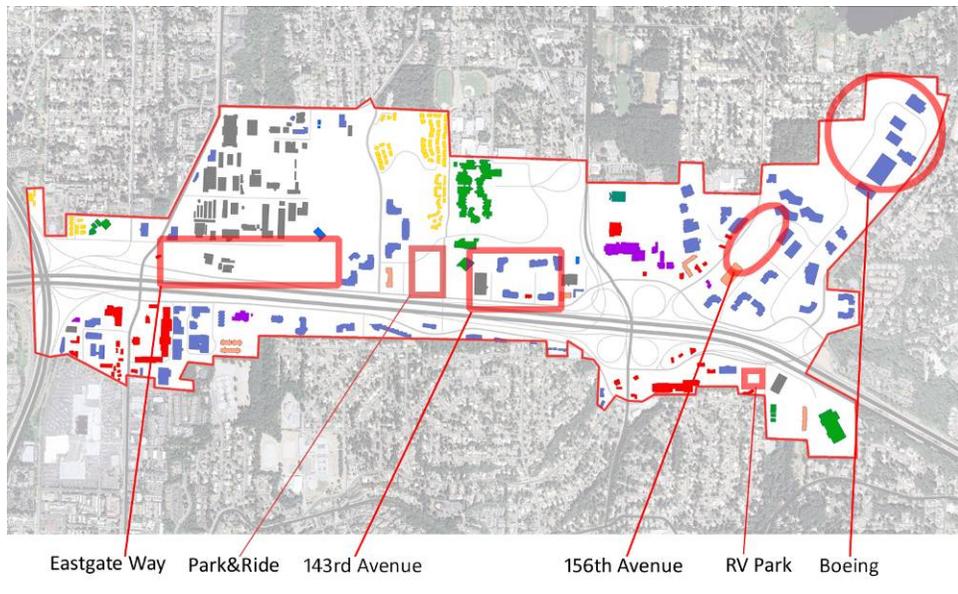
⁵ See “Live First/ Work Second”, a book by Rebecca Ryan that explores the motivation and work patterns of the new generation of younger people.

Opportunities for Office Development

The map below shows five areas of opportunity for office development. Only two, at Eastgate Way and at the park-and-ride lot, have vacant, readily developable land, although building on the latter may require regulatory changes.

- Eastgate Way. There is vacant land remaining near the Humane Society, which while not perfect frontage, is reasonably close to Factoria and the eastbound exit lanes from I-90.
- Park-and-Ride. The area is already developed as a business center, with five good office buildings and a hotel. There are sites nearby that also be developed as offices if the zoning were changed.
- 143rd Avenue. This area now has a large distribution warehouse, a public health clinic, one- and two-story office buildings and a few taller buildings. The under-used parking lots might be built on, but this would require building parking spaces for both the new buildings and the surface parking they displace.
- 156th Avenue. The parking lots north of the Embassy Suite Hotel could also be developed, although some of these are used by Boeing workers.

Office Opportunities



- Boeing Campus. This campus could be more intensively developed if garages replace the surface parking.
- RV Park. This site has potential for either office space or hotel that is either budget or extended stay.

Industrial and R&D Space

Where will the companies of the future get their start? This is a question that the City should think about in considering the future of Richards Valley, which has the potential to become a business incubator, and to provide for other activities as well. The map on the next page shows this area in greater detail.

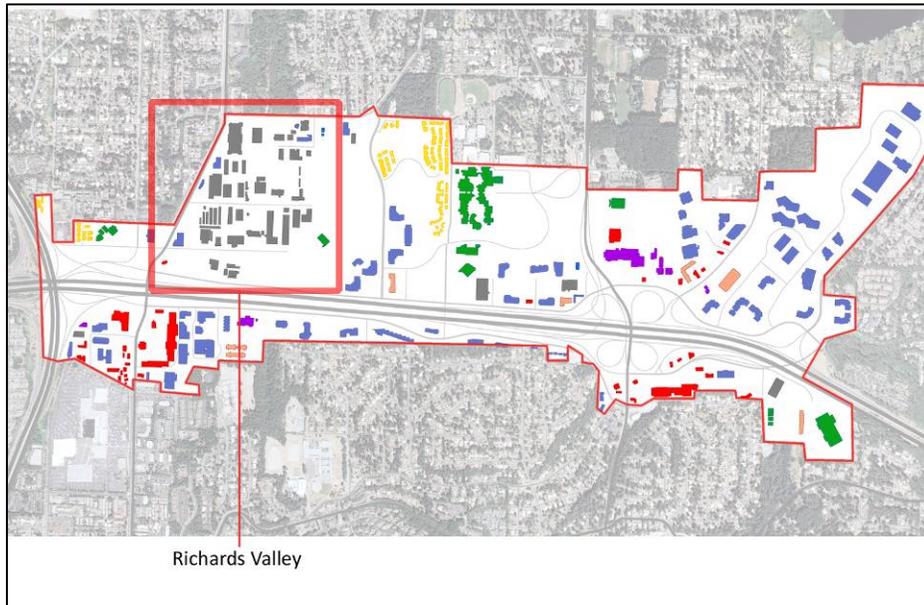


Richards Valley is now a traditional warehouse district, although one that has seen little new investment in the last 20 years other than the construction of corporate yards for major institutions like the Postal Service and Puget Sound Energy. Besides those organizations, the area is also used by auto repair companies, construction firms, parts suppliers and even a company that makes compasses. This area has a number of large sites but an incomplete grid of roads to serve them.

Although warehousing and distribution are important functions, there are other places on the Eastside where these uses could go if the City up-zoned Richards Valley. These other areas include Avondale Road near Lake Sammamish, off N.E. 124th Street in Kirkland, and east on Highway 522 in Woodinville. The auto repair companies would probably stay put, since they are relatively labor-intensive businesses for which customer access is very important.

From an investment perspective, there is potential here to convert, divide, expand and replace these buildings with offices for start-up and R&D firms, firms that want a central location but either cannot afford or do not want the more corporate space in a downtown high-rise. The best comparable for what this area could become is the Willows Road business park area across the river from the Redmond City Hall. Surprisingly, there are relatively few areas on the Eastside with that combination of office and flex space.

R&D Opportunities

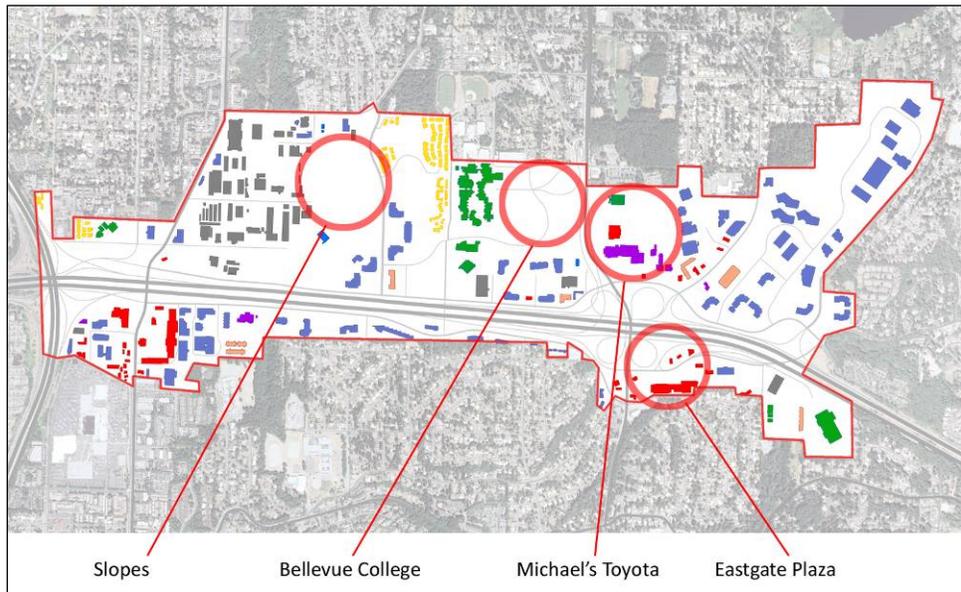


Richards Valley could be an interesting place where machinists and software engineers, woodworkers and graphics artists, and compass makers and wealth advisors work near one another. There is also the potential for leveraging the presence of Bellevue College, up the hill. Usually the collaboration between business and academia involves universities with major research budgets, but in this case there might be potential not only for training but actual shared use of expensive buildings and equipment. For example, the college could train students at night on the same equipment that small companies use during the day. This would represent a new way for the college to fulfill its mission. Cities around the country are leveraging their higher education institutions as part of their overall economic development strategies. Community colleges are among the most entrepreneurial institutions in higher education. There could be opportunities for private/ public joint ventures here.

Any redevelopment potential of Richards Valley would need to address environmental challenges, as several streams and wetlands are located in this area and the area is occasionally prone to flooding.

Residential Demand

PSRC projects that between 2000 and 2030 Eastgate will need 1800 additional housing units. Given the current jobs/ housing imbalance, there might be demand for even more housing. This demand is likely to come from three groups: One is back-office and administrative employees working at the big companies nearby. The second is empty nesters and retirees now living in nearby single-family neighborhoods. The third is students at Bellevue College, depending on how many four-year degree programs are offered there. The map on the next page shows these areas.



These include:

- The slopes east of Richards Valley and west of Bellevue College, where three clusters of townhouses were developed 15 years ago is, from a market standpoint, a desirable location for housing. This area is close to the college, near established residential areas and has superb views of the Olympics from the top of the slope. However, current regulations prevent further development due largely to environmental features which are protected through recorded Native Growth Protection Easements, but perhaps there is a way to allow more by swapping “quality” for “quantity” in environmental protection. Existing physical improvements (residences), multiple condominium ownerships, and the presence of a City park provide further challenges to providing additional housing in this location.
- Bellevue College. As part of its strategy to grant more four year degrees, the college could start a “residential life” program like those used to enhance the prestige of colleges elsewhere.⁶ This would involve building dormitories and more on-campus housing. The college itself might develop this housing itself or do so in partnership with one of the increasing number of real estate investment trusts now in business to do this. The other option is to develop part of the campus with market-rate housing, as Simon Fraser University and the University of British Columbia have done. This would probably attract empty nesters, retirees and others who want to be near cultural programming on the campus.
- Michael’s Toyota. This site may not become available in the next 20 years, but it is the ideal location for an urban village that could include offices, housing and even a hotel above stores and restaurants. This would be close to the Mormon temple and the Lutheran church, as well as Robinswood Park.

⁶ Portland State University has created a “residential life” program to overcome its old image as a commuter school. It has used bond financing from the Portland Development Commission to acquire and redevelop the former Red Lion Hotel on Lincoln Street as dormitories. This is part of a larger strategy aimed at attracting more full-tuition students from out-of-state and from abroad.

- Eastgate Plaza. Without enhanced transit service, this is a challenging site for housing, because of its relative isolation and noise and glare from the freeway. With enhanced transit service this could become a more desirable location offering ready connections to Seattle.

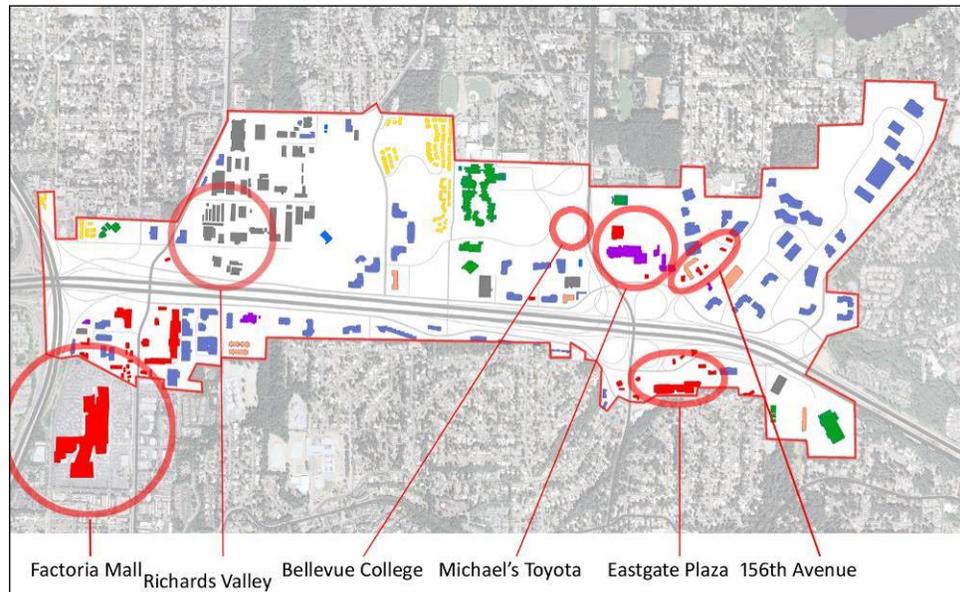
Retail Development

When the Michael's Toyota took over the shopping center that used to be there, it left a hole in the market. Some of the demand has shifted south of I-90, to Eastgate Plaza, which now serves residents living both north and south of the freeway, but there still remains a need north of the freeway for a place for people to shop, eat and gather together. This need exists not only among area residents but also among office workers, students, and even visitors to the Mormon Temple and other nearby institutions.

The Michael's Toyota site is not likely to revert to retail use in the foreseeable future. However, there is redevelopment potential on the land next door and to the east, on the land occupied by the Days Inn and several fast food restaurants. This might be redeveloped to include more retail space if this were tied into new high-rise office space there.

Another possible retail site is at the entrance to the college. This would not normally be a good retail location, but if the college were to relocate its library or sports facilities there and open these to the public, these "anchors" could provide enough traffic to support a coffee shop, copy shop, microbrew restaurant and perhaps even a combination bookshop/ coffee house. The retail space in a complex like this might total 10,000 to 15,000 square feet.

Retail Opportunities



Bellevue area appears to have too many supermarkets puts the future of this center in question. In the next five to ten years, or sooner, two or more supermarkets in Bellevue could close. Bellevue has about 7500 people per supermarket, compared to an industry standard of 10,000 to 12,000 most other places. The average Bellevue supermarket is just 35,000 square feet, compared to a U.S. average of 46,000 square feet per store. The Albertson's store at Eastgate Plaza could be threatened, especially if Safeway expands its Factoria store and the Target there adds a grocery section.

If Albertson's closes, how could Eastgate Plaza evolve? Certainly the upscale demographics of the area would support a store like Trader Joe's. It is dangerous, however, to pin hopes for the future of a shopping center on just one chain. If Albertson's does close and Trader Joe's does not move in, another strong retail or community anchor would need to be found to sustain the economic performance and neighborhood service orientation of this center. Alternatively, other development models, such as mixed-use development, transit-oriented development (if high capacity transit serves this location in the future), or other emerging development models should be explored, in order to preclude the conversion of this center to less desirable retail uses.

The best and more immediate opportunities for retail development are actually just outside the study area, at Factoria Mall, which the owners plan to redevelop. Their plans call for mixed-use redevelopment. Improving walkable access to this site could encourage more of a mixed-use project, one that stimulates re-use on nearby parcels. This development would benefit not only T-Mobile and neighboring office buildings but those throughout the corridor, for it could create the kind of walkable urban center that will give future workplaces added value.

Despite difficult freeway access, Factoria has good demographics, drawing sales not only from South Bellevue but from Mercer Island as well. If well executed, this center could also become a magnet for hotel, office and residential development. Three different centers are models for what could be done here: a down-sized University Village in Seattle, with its walkable streets; Crossroads Mall in Bellevue, with its programming and diverse mix of tenants; and Oakway Center in Eugene, with its small scale and good collection of restaurants.⁷

There has been some discussion of very large big, box retailers moving into Richards Valley or along Eastgate Way. While these projects do generate tremendous tax revenue, they are usually destinations unto themselves that create little synergy with other uses. Even in Vancouver, where there is a condominium tower stacked above a Costco, the two components essentially function independently from one another, the store facing into an auto-oriented area, and the housing facing into a residential neighborhood that is at a different elevation.

Hotel Development

There are a total of 927 hotel rooms in the study area, a ratio of one room per 6150 square feet of office space.⁸ At this ratio, 1.0 to 1.5 million square feet of new office space developed over the next 20 years would support development of 160 to 200 hotel rooms. To be on the conservative side, the city should plan for potential demand for 125 to 200 rooms.

Eastgate Plaza has the potential to be redeveloped with one or two hotels and highway-oriented restaurants. There are other potential hotel sites on S.E. 37th Street. New hotels in this area would probably be targeted at budget-conscious business travelers looking for a road-side inn. In terms of economic benefit, it would be better if new hotels in the area were built in a more central location, such as Factoria or the Michael's Toyota site.



The Hotel Sierra at 139th Avenue near the park-and-ride lot.

⁷ Oakway Center includes Trader Joe's, Old Navy, Pier One, Borders, Bed-Bath-and-Beyond, PF Chang's, and 12 other restaurants, all built around an outdoor courtyard of old oak trees.

⁸ Appendix Table 5 lists the size and location of these hotels.

Transit-Oriented Development

The best opportunities for transit-development lie in taking new transit service to the existing development, rather than trying to force development around the existing transit service.

With respect to new or future opportunities, the Eastgate park-and-ride lot is the biggest in King County, and its central location, direct freeway access, and proximity to office uses and Bellevue College might make it appear attractive for transit-oriented development (TOD). Three TOD projects have recently been completed in conjunction with park-and-ride facilities in the region – The Village at Overlake Station (Redmond, WA), Northgate North (Seattle, WA), and Renton Transit Center (Renton, WA).

However, the Eastgate park-and-ride has characteristics that pose challenges to successful TOD. First, while its adjacency to I-90 is good for regional access, that adjacency creates a less desirable residential environment, although housing development could be made to work there if the rents were subsidized deeply enough. Second, limited land area and exposure make the development of retail and other TOD support services difficult, especially given that better retail opportunities exist elsewhere in the corridor. These challenges would need to be overcome, through thoughtful design, well-researched and carefully-chosen support services, and improved transportation performance, to make TOD successful at this location.

Chances of success might be improved if additional adjacent properties could be aggregated and integrated into a larger development to create a “critical mass”, and/or if the housing could support another use in the area, such as Bellevue College. However, that would presume that Bellevue College generates sufficient housing demand to support the TOD, and that the College does not have sufficient space on campus or elsewhere to meet that need.

If some form of high capacity transit (HCT) comes through, the better option is to locate the new stations on both the north and south sides of the freeway, with stations at Factoria and 148th. Stops on the south side of the freeway at Factoria would ensure a shorter commute for the many T-Mobile workers, while future workers in Richards Valley could bicycle under the freeway to and from the station. A stop at or near Eastgate Plaza might also help add vitality to Eastgate Plaza, although it should be pointed out that the particular HCT mode (e.g., light rail, bus-rapid-transit) that might eventually serve this corridor has not yet been identified and each mode has different influences on and implications for development.

Development Challenges

Obstacles to development are generally regulatory, financial or physical in nature. The challenges at Eastgate include:

1. “Embedded Investment”. Most of the buildings here are only 20 or 30 years old and are still in good condition. The only sites that are significantly below their “highest and best use” are the warehouses in Richards Valley. Most of the others are at least 20 years away from redevelopment.
2. Limited Road Capacity. Other than Eastgate Way, there is no arterial south of S.E. 16th Avenue/ Kamber Road that connects this area with others to the east and west. The freeway ramps are also likely to be at or near capacity when the economy recovers. Richards Valley has an incomplete grid of roads and no direct connection to the college above it. Some of the private roads within Richards Valley also need rebuilding.
3. Slopes and Wetlands. The land west of the college is vacant for a reason: it either has steep springs and steep slopes or slow-moving creeks and wetlands.
4. Institutional Holdings. The block of land occupied by Bellevue College, the churches, the fire station, Robinswood Park, and the Highway Patrol campus divides the residential areas to the north from the commercial areas to the south. This means that local residents must get in their cars to shop. When they do so, they are as likely to continue on to supermarkets at Factoria as they are to stop at Eastgate Plaza.
5. Transition Issues. Richards Valley now includes a solid waste transfer station, trucks beeping while they back up, and unkempt storage lots. This is fine for warehousing, but not necessarily the kind of quiet, walkable area where people like to work. Institutional users like King County, the U.S. Postal Service and Puget Sound Energy will also be slow to move. This makes it challenging to attract all but the most pioneering new users.



The entrance to S.E. 30th St. from Richards Rd.

Tools and Incentives for Change

The most important tool for effecting change is strong political leadership, people who will use their political capital to see new plans carried out. Actually implementing these plans requires good tools and incentives. Here are some that could work here:

1. “Planned Actions” and Other Forms of Detailed Plans. This type of land use document can guide and provide specifics about what road improvements are necessary and when, what the character of a given area should be like and even where trails should run past a given property. They need a strong vision behind them, something that will convince owners and investors that the future will be better with change. These plans also lay the ground work for the formation of local improvement districts.
2. Flexible Zoning. Most jurisdictions use a prescriptive approach that bans all but a list of specified uses. However, it is difficult to predict how patterns of use change, so this zoning often becomes out-of-date. Another approach is proscriptive, banning a few uses and allowing everything else. A third approach is performance-based, describing what effects need to be mitigated against. Some of the key investors behind the rebirth of the Pearl District in Portland, a notably successful redevelopment area, attributed much of their early success to relatively flexible zoning.
3. Local Improvement Districts (“LID’s”). These can be an ideal way to finance new infrastructure. Matching the costs and benefits can require relatively sophisticated studies.
4. Density Bonuses and Transfers. These work best when land is being significantly up-zoned. They might work well in Richards Valley or along its freeway frontage if high-rise development was conditioned on these devices. It is generally better to let the market create a pricing mechanism for development rights transfers than to mandate this price, since mandated prices can quickly go out of date with changes in the market.
5. Public Anchors and Subsidized Infrastructure. These include libraries, community centers and parks, and can be used to subsidize the development that might not otherwise be built. Sometimes the subsidy takes the form of roads, sidewalks or utility extensions that a developer would otherwise have to fund. The public can use these “carrots” to influence design and programming.
6. Business Improvement Districts (“BID’s”). Business improvement districts are used for the on-going management and marketing of an area or district. Often used among auto dealers and along commercial strips, one could be formed here to manage transition issues in Richards Valley.

Appendix Table 1

Area Land Use

<i>Use (acres)</i> ¹	North			South			Total
	Northwest	Central	Northeast	Southwest	Central	Southeast	
Auto Dealers	-	-	19	6	-	-	25
Hotel	-	1	5	3	-	4	14
Industrial	68	19	-	1	-	4	92
Institutional	4	73	18	-	-	19	114
Office	9	50	150	36	15	5	264
Residential	4	45	-	-	-	-	49
<u>Retail</u>	<u>4</u>	<u>1</u>	<u>6</u>	<u>19</u>	<u>-</u>	<u>18</u>	<u>48</u>
total	89	189	199	66	15	48	606

Floor Area Ratio

Auto Dealers			0.16	0.10		
Hotel		1.45	1.02	0.33		0.51
Industrial	0.28	0.15		0.33		0.23
Institutional	0.14	0.18	0.15			0.16
Office	0.35	0.56	0.37	0.99	0.39	0.34
<u>Retail</u>		<u>0.15</u>	<u>0.20</u>	<u>0.25</u>		<u>0.15</u>
total	0.26	0.24	0.34	0.65	0.39	0.21

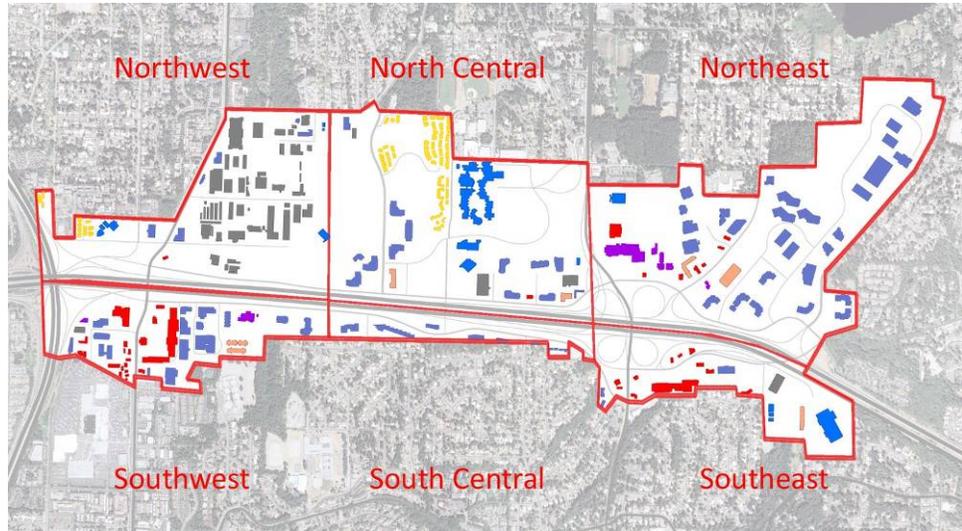
Year Built

	Pre 1970	1970s	1980s	1990s	2000s	Total
Auto Dealers	135,008	1,822	27,189	-	-	164,019
Hotel	-	-	28,910	329,667	82,580	441,157
Industrial	206,534	416,585	367,791	30,503	-	1,021,413
Institutional	588,010	98,853	120,806	24,234	33,259	865,162
Office	40,403	8,960	2,807,921	1,484,852	1,293,221	5,635,357
<u>Retail</u>	<u>51,528</u>	<u>122,550</u>	<u>196,418</u>	<u>8,768</u>	<u>12,654</u>	<u>391,918</u>
total	1,021,483	648,770	3,549,035	1,878,024	1,421,714	8,519,026

¹ See map of area boundaries on following page.

Source: assessor data and field survey of use. Map areas on following page.

Appendix Map 1 Sub-Area Boundaries



Appendix Table 2 Office and Flex Space

	2Q 2000			4Q 2009		
	Total	Occupied	Market Share ¹	Total	Occupied	Market Share ¹
Office Space						
Central Bellevue						
Bellevue CBD	5,321,822	5,111,193	14%	8,954,387	7,708,515	18%
I-90	4,540,583	4,513,940	12%	5,649,094	4,864,128	11%
<u>405/ Bel-Red</u>	<u>4,869,218</u>	<u>4,795,142</u>	<u>12%</u>	<u>5,298,144</u>	<u>4,718,523</u>	<u>11%</u>
subtotal	14,731,623	14,420,275	38%	19,901,625	17,291,166	40%
Mercer Island & Issaquah						
Issaquah	1,381,110	1,367,006	4%	1,995,031	1,855,538	4%
<u>Mercer Island</u>	<u>600,778</u>	<u>599,676</u>	<u>2%</u>	<u>631,988</u>	<u>564,304</u>	<u>1%</u>
subtotal	6,522,471	6,480,622	17%	8,276,113	7,283,970	5%
Redmond/ Kirkland						
520	6,067,265	6,049,455	15%	7,346,775	6,949,526	15%
Redmond	5,170,507	5,125,719	13%	5,885,852	5,017,416	12%
<u>Kirkland</u>	<u>3,453,655</u>	<u>3,411,264</u>	<u>9%</u>	<u>4,339,535</u>	<u>3,448,380</u>	<u>9%</u>
subtotal	14,691,427	14,586,438	37%	17,572,162	15,415,322	20%
Bothell	3,296,170	3,278,482	8%	4,589,605	3,845,192	9%
Total	39,241,691	38,765,817	100%	50,339,505	43,835,650	100%
Flex Space						
Central Bellevue						
Bellevue	896,183	790,863	8%	896,183	758,748	7%
<u>I-90</u>	<u>497,239</u>	<u>469,351</u>	<u>4%</u>	<u>507,639</u>	<u>410,375</u>	<u>4%</u>
subtotal	1,393,422	1,260,214	12%	1,403,822	1,169,123	12%
E. King	194,561	194,561	2%	325,469	250,494	3%
Redmond/ Kirkland						
Redmond	4,230,229	4,081,979	36%	4,230,229	3,805,201	35%
Kirkland	1,197,590	1,190,790	10%	1,197,590	964,580	10%
<u>520</u>	<u>1,098,631</u>	<u>1,089,991</u>	<u>9%</u>	<u>1,098,631</u>	<u>992,134</u>	<u>9%</u>
subtotal	6,526,450	6,362,760	56%	6,526,450	5,761,915	54%
Bothell & Woodinville						
Bothell	2,896,030	2,830,931	25%	3,180,138	2,391,551	26%
<u>Woodinville</u>	<u>624,638</u>	<u>597,501</u>	<u>5%</u>	<u>684,488</u>	<u>595,391</u>	<u>6%</u>
subtotal	3,520,668	3,428,432	30%	3,864,626	2,986,942	32%
Total	11,635,101	11,245,967	100%	12,120,367	10,168,474	100%

¹ Of total space.

Source: Costar

Note: Costar is considered to be the most complete source of real estate information, but does not track government buildings or those under 10,000 s.f. each. In addition, the figures for Redmond appear too low to include all of the Microsoft space there. The total figure for the Eastside cited in the text reflects an adjustment to the above figures for this under-counting. In addition, the absorption figures for Eastgate do not track with more specific data worked up from individual buildings.

Appendix Table 3 Population and Employment

	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2030</u>	Change 2000-2030
Employment					
Eastgate	25,187	29,323	32,419	35,294	40%
Bellevue	125,763	146,558	170,964	194,908	55%
Balance of Eastside	181,379	216,313	254,738	286,324	58%
Eastside	307,142	362,871	425,702	481,232	57%
<u>King County</u>	<u>1,196,043</u>	<u>1,311,186</u>	<u>1,498,043</u>	<u>1,664,780</u>	39%
Total	1,760,043	1,934,713	2,224,597	2,497,678	42%
Population					
Eastgate ¹	15,899	16,137	17,296	18,785	18%
Bellevue	104,033	111,004	124,308	137,692	32%
Balance of Eastside	326,819	379,074	422,716	453,551	39%
Eastside	430,852	490,078	547,024	591,243	37%
<u>King County</u>	<u>1,737,034</u>	<u>1,892,999</u>	<u>2,075,426</u>	<u>2,234,775</u>	29%
Total	3,275,809	3,695,516	4,148,693	4,544,179	39%
Households					
Eastgate	6,413	6,637	7,362	8,271	29%
Bellevue	43,779	48,832	57,900	66,831	53%
Balance of Eastside	126,117	147,844	170,451	189,412	50%
Eastside Total	169,896	196,676	228,351	256,243	51%
<u>King County</u>	<u>710,916</u>	<u>788,303</u>	<u>895,109</u>	<u>997,326</u>	40%
Total	1,282,966	1,470,056	1,706,965	1,934,623	51%
Jobs/ Housing Ratio					
Eastgate	3.9	4.4	4.4	4.3	9%
Bellevue	2.9	3.0	3.0	2.9	2%
Balance of Eastside	1.4	1.5	1.5	1.5	5%
Eastside	1.8	1.8	1.9	1.9	4%
<u>King County</u>	<u>1.7</u>	<u>1.7</u>	<u>1.7</u>	<u>1.7</u>	-1%
Total	1.4	1.3	1.3	1.3	-6%

¹ As used here, "Eastgate" reflects planning boundaries used by PSRC

Source: Puget Sound Regional Council forecasts. Actual Bellevue population in 2010 is approximately

Appendix Table 4

Supermarket Sizes and Locations

<u>Store</u>	<u>Address</u>	<u>Area (s.f.)</u>
Albertsons	15100 S.E. 38th	30,000
Fred Meyer	2041 148th N.E.	40,000
Pal Do World	549 156 Ave. N.E.	20,000
QFC	3550 Factoria Blvd. S.E.	25,000
QFC	6940 Coal Creek Parkway S.E	32,000
QFC	15600 N.E. 8th St.	34,000
QFC	10116 N.E. 8th St.	47,000
QFC	2636 Bellevue Way N.E.	20,000
QFC	1510 145th Place S.E.	32,000
Safeway	3903 Factoria Blvd. S.E.	36,000
Safeway	300 N.E. Bellevue Way	40,000
Safeway	1645 140th N.E.	42,000
Safeway	15000 NE 24th St.	48,000
Safeway	6911 Coal Creek Parkway	42,000
Thriftway	4989 Lakemont Blvd. S.E.	20,000
Top Foods	15751 N.E. 15th St.	66,000
Trader Joe's	15400 N.E. 20th St.	10,000
Uwajima	15555 NE 24th St.	25,000
Whole Foods	888 116th Ave. N.E.	48,000
<u>Costco- Issaquah¹</u>	<u>1801 10th Ave. N.W.</u>	<u>50,000</u>
total		707,000

¹ Number discounted to reflect estimated amount of grocery space.

Source: Google and planimetric use of aerials.

Appendix Table 5 Area Hotel Locations and Sizes

<u>Name</u>	<u>Address</u>	<u>No. of Rooms</u>
Embassy Suites	3225 158th	240
Hotel Sierra	3244 139th	160
Homestead	3700 132nd	150
Silver Cloud	14632 Eastgate Wy	145
Days Inn	3241 156th	106
<u>Candle Wood</u>	<u>15805 37th</u>	<u>126</u>
total		927

Source: phone surveys and planimetric measurement on aerials.