CITY OF EDMONDS

HIGHWAY 99 ENHANCEMENT PROJECT
MARKET ASSESSMENT

October, 2004

BERK & ASSOCIATES

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EXECUTIVE SUMMARY

This report assesses the market feasibility of the commercial and residential development along Highway 99, with particular attention paid to scenarios presented in the City of Edmonds *Highway 99 Enhancement Report* (April, 2004). The analysis incorporates the Highway 99 Task Force review of the Enhancement Report, as summarized in their May 14, 2004, memorandum to the Edmonds Planning Board. The report also includes an overview of the City fiscal opportunities and implications associated with economic development on Highway 99.

The key findings of this analysis are as follows, grouped by topic:

Enhancement Report

- The Enhancement Report presents development scenarios that reflect thinking from focus groups, Highway 99 corridor business stakeholders and professional assessments by Makers Architecture and Urban Design. The report is not a plan, but it does identify improvements that would help attract developers to key sites along the highway.
- The Enhancement Report focuses development accurately on vacant and redevelopment parcels. Land uses and values studies as part of this report validate the sites and parcels chosen for the Enhancement Report. Current uses and land values suggest the sites included in the Enhancement Report are suitable for redevelopment.
- The Enhancement Report divides the corridor into four development nodes: the Hospital Community and Family Retail Center, the International District, the Residential Are Retail Center and the Hotels Improvement Area. This division will help create synergies among developments (existing and new), focus identity along the corridor and guide public investments.
- This report uses the names of the four development nodes for consistency purposes and to allow cross-referencing with the Enhancement Report. As a plan develops, more descriptive and marketable names would help stakeholders talk more constructively about the future of the Highway 99 corridor in Edmonds.
- The strategies presented in the Enhancement Report would allow the Edmonds portion of Highway 99 to differentiate itself from other cities. Creating a clear sense of identity, improving traffic circulation and establishing distinguishable nodes of activity would create strong centers.

Market Factors

- *Demographics.* The demographics for the area are very strong: many people live within a short distance of the corridor and incomes are relatively higher than those found in neighboring cities. Most retailers would value the demographics within the corridor's trade area. Asian businesses serve a strong Asian consumer segment and present development momentum to foster. Other segments are strong too, especially typical family shopping and dining segments.
- *Land Prices.* Land prices are not a deterrent to development
- *City Policies.* Zoning ordinances are flexible, development-friendly and not a deterrent to development. Height limits, set-backs and building coverage regulations in Edmonds are not a constraint to development and are more flexible than neighboring cities. The City is working in conjunction with the Snohomish County Economic Development Council on the Model Permit Streamlining Project to improve permit services and related processing time.
- *Traffic Management.* Traffic circulation problems are a deterrent for many businesses. Challenging left-turn movements reduce opportunities to attract passers-by on the opposite side from retailers.
- *Auto-oriented Commercial Strip.* Typical corridor development patterns include strip-commercial centers, such as Aurora Marketplace, Brentwood Plaza and BooHan Plaza or larger big-box specialty retail or grocers and commercial centers, such as Top Foods and 99 Ranch Market. The opportunities for additional larger developments are limited. Burlington Coat Factory appears ready for redevelopment and is the only site suitable for a larger center.
- *Parcel Size and Shape Implications.* Many larger retailers and center developers could not build on the vacant and redevelopable land in Edmonds along the highway. Destination and specialty retailers frequently need development sites of 150,000 s.f. or greater. Only one such site exists at this size (the existing Burlington Coat Factory).
- Most of the sites are moderate to smaller sites, with irregular parcel shapes. Many of these appear suitable for family restaurants (such as Applebees, Red Robin, Outback Steakhouse and others), fast-food restaurants and smaller retail centers (such as Brentwood Plaza and BooHan Plaza in Edmonds.
- *Highway 99 Alignment.* The alignment of Highway 99 at an angle to the north/south and east/west street grid presents traffic circulation challenges for development along the Highway. Left-turning movement from the Highway to businesses are particularly challenged by sharp turning movements and on-coming traffic. This is a strong deterrent for retailers, especially fast-food businesses and stores that rely on convenience of access.
- *Land Values.* The land values ($10 to $21 per s.f.) suggest that development along the corridor will continue to build surface parking only. Structured parking is not likely along the Highway 99 corridor in Edmonds. This analysis assumes surface parking only and development densities along the higher end of the spectrum found among developments along Highway 99 in Edmonds and Lynnwood.
- *Developable Land.* The Enhancement Report shows roughly 40 acres of land, in total, suitable for potential new development (including both vacant land and redevelopable land). Of that total, 12 acres are identified for housing and 28 acres are identified for

retail. The report also includes a small amount of land devoted to hotel and office (less than 30,000 s.f. of built space). Strategically expanding the redevelopment efforts to include parcels adjacent to (behind) some parcels fronting Highway 99 could provide more flexibility and development opportunities.

- *Infrastructure Complete.* Traffic circulation, pedestrian crossings, site accessibilities and other market factors hinge on adequate infrastructure. In many places along the corridor, identified well in the Enhancement Report, infrastructure investments will be required for redevelopment to occur.

Multifamily Housing

- Multifamily housing along the Highway 99 corridor in Edmonds, if developed well, would add vibrancy to the area, important to fostering a dynamic retail environment. Quality development would add to the property tax base, as well.
- The strong market demand for multifamily housing suggests that relatively higher market rents could attract higher quality development and strong net gains to the property tax base along the corridor.
- The sites identified for housing in the Enhancement Report will accommodate between 565 and 636 housing units at six-story height limits, depending on the number of parking spaces required per unit. The lower end of the range matches current regulations in the City's multifamily zones elsewhere, which vary depending on the number of bedrooms. The higher end is based on 1.5 spaces per unit, commonly found in places served well by transit.
- In the long-term, population growth in the area will easily support the amount of housing development reflected in the Enhancement Report. In the shot-term, the condo market has recently been stronger than the rental market. Very recent changes in interest rates will likely shift demand somewhat, keeping would-be first time home buyers in rental housing longer, increasing demand for rental housing.
- Any of the sites identified in the Enhancement Report would be suitable for either rental or owner-occupied multifamily housing. The markets targeted for this housing would likely differ from the empty-nester market served well by condominium housing elsewhere in Edmonds. The Highway 99 market would more likely serve single-person households, younger couples without kids, and smaller families looking for more affordable housing in an urban setting. All of these market segments exist and are growing in and around Edmonds (including Shoreline, Mountlake Terrace and Lynnwood).
- The increased height limits proposed in the mixed-use zone would help attract developers to Highway 99 in Edmonds. The ability to maximize revenue from wood-frame construction (five or six stories) would help offset unfavorable short-term conditions for multifamily housing (high vacancy rates and flat rental price trends).

Retail Development

- Retail development along Highway 99 in Edmonds can happen in the short-term and develop more fully in the longer term (10 to 20 years). The improvements identified in the Enhancement Report will encourage more retail development.

- All new retail will depend on presenting site advantages that attract developers over similar settings in Lynnwood, and to a lesser degree Shoreline. Vacant land in Lynnwood will compete for developers' attention.
- The Asian businesses along Highway 99 in Edmonds show great momentum to build on and present opportunities identified by the Task Force and other stakeholders.
- The amount of land devoted to retail, as shown in the Enhancement Report, will accommodate between 181,600 s.f. and 363,100 s.f. of retail, depending on densities chosen by developers. This range reflects floor-to-area ratios (F.A.R.s) of 0.15 to 0.30, representing relatively dense suburban development patterns. (Floor-to-area ratios are total building floor areas divided by land area of the entire parcel.) Current retail densities along the corridor are 0.15 F.A.R.s.
- At $400 per s.f. of taxable retail sales, an amount associated with fairly successful retail, 250,000 s.f. of retail space would result in $850,000 additional sales tax revenue per year for the City's General Fund (at local retail sales tax rate of 0.85%).
- Residents in the Edmonds and Mountlake Terrace areas combined spend roughly $550 million in other cities each year on other retail items (all retail, excluding autos and groceries). This amount of "leakage" shows a strong market for retailers to target.
- Population growth in the area will support some additional retail, but population growth alone will not support the scale described in the Enhancement Report.
- The challenge for retailers along Highway 99 will be to attract more market share. Traffic improvements, mixed-use developments and pedestrian improvements, all identified in the Enhancement Report, are the types of investments the City can make to help retailers increase their market share.
- Retail on Highway 99 in Edmonds must offer goods and services that keep people in the area from driving north to the Alderwood Mall area and south to Northgate Mall.
- Restaurants are the obvious void along Highway 99 in Edmonds. Family-oriented restaurants would attract higher income people elsewhere in Edmonds. Such businesses need quality retail settings and great traffic access. Quick-service restaurants are missing as well. Great traffic access to support drive-through windows are a requisite.
- Larger parcels that can support more extensive pad development will facilitate additional retail development as well. In addition to quick-service restaurants and banks, many specialty retailers will locate in small pad developments that accommodate four to six small retail spaces.

Office

- Medical services will continue to grow and the expansions at Stevens Hospital show a strong future for this portion of the corridor.
- The mixed-use BR Zone policies are supportive of office development in the medical area. Demand for professional offices within this district is expected.
- Little office space is shown in the Enhancement Report.
- Planning for additional office space nearer to the hospital makes great sense and integrating circulation connections to the nearest retail would help retailers take advantage of the activity around the hospital and medical offices.

Hotels

- Site characteristics that would attract hotel developers to the Hotel Improvement area include access to the ferries and I-5 and potentially great visibility off of S.R. 104 for ferry travelers.
- Stevens Hospital is too small (217 beds total) to drive demand for a hotel district by itself, and the south end of the Highway 99 corridor in Edmonds is the furthest away from the hospital. Hospital representatives currently send overnight guests to hotels in Lynnwood and in Mountlake Terrace along I-5.
- Overall, the lodging market currently is over-supplied and relatively few hotels in the area are expected in the near-term.
- Hotel development would likely occur at the expense of the retail development shown in the Hotel Improvement area in the Enhancement Report, rather than together as a hotel and retail center.
- Fiscal benefits of lodging differ little from fiscal benefits of retail sales. A strong hotel chain maximizing a site's density would bring strong fiscal benefits.

Proposed Business & Residential Mixed Use Zone

- The proposed mixed-use zone includes policies supportive of development.
- The professional office uses around Stevens Hospital generates traffic important for the area, drawing people to the area where they can shop further at Top Foods, BooHan Plaza, 99 Ranch and other destinations.
- Office space in this area is in high demand and zoning and policies supportive of additional professional office uses will enhance the economic vitality of the corridor.
- Streetscape improvements and pedestrian amenities would help advance neighborhood identity and attract quality development.

Fiscal Benefits of Improving Highway 99

- Fiscal benefits accrue primarily from property taxes, retail taxes and utility taxes. The best fiscal impact along the Highway will likely come from the developments in greatest demand from a market feasibility perspective.
    - *Property tax.* Quality developments will increase the property tax base, and maximizing development quality will depend on making the corridor as vibrant and inviting to passers-by as possible. The type of land use (residential versus retail, for example) is less a factor than the quality of development.
    - *Retail tax.* Increased retail in the area will add to the City's revenues from retail sales tax. The most successful retail, regardless of the type of retail, will provide the greatest benefits. A successful car dealership brings a lot of retail sales tax revenue to a city, but a successful fast-food restaurant might generate more revenue than an *unsuccessful* car dealership, for example. The retail analysis identifies types of retail most likely to succeed along Highway 99.
    - *Utility tax.* Residential uses generate large amounts of utility taxes, as do industrial and office users. Retailers typically generate less utility tax.

- *Housing benefits.* The strong demand for multifamily housing in and around Edmonds suggests that quality multifamily housing could potentially result in substantial private investment along the corridor, thereby increasing assessed improvement values and the tax base. Local investments could help spur higher quality development.

Recommended City Actions

The key physical constraints along the corridor are: traffic management (especially left-turn access), the sizes and shapes of key development sites, and a lack of clear commercial centers. The improvements recommended in the Enhancement Report include actions that would improve the attractiveness of the corridor to developers. This analysis has not taken into consideration the cost of improvements or the opportunity costs associated with forgoing opportunities elsewhere in the city – very important considerations in evaluating the merit of improvements to the corridor. The key areas of focus for City actions and improvements should include:

- Improving left-turns from the Highway
- Increasing visibility for key sites
- Developing inviting entryways into commercial centers
- Improve highway crossings, including pedestrian crossings
- Develop streetscape improvements to create and enhance identity
- Bundling parcels strategically, potentially including parcels outside the boundaries reflected in the Enhancement Report to assist in developing larger sites
- Collaborate with developers creatively, with a development-supportive approach
- Expedite permitting that meets primary objectives
- Examine adjacent land for potential redevelopment

Recruitment efforts should focus on the larger sites for robust development. Family-oriented restaurants, fast-food restaurants, commercial center retail and one or two larger retailers (big-box) present excellent chances for success. Fostering high quality residential and mixed-use development would add to the vitality of the corridor and further support commercial development along the corridor.

Community centers have been raised a possibility for locating along Highway 99. Evaluating the feasibility of a community center is beyond the scope of this study. A strong community center that would attract people to the corridor would be a clear benefit to the area. In many cities, community centers and civic space provide a catalyst that spur additional development. Site selection should be made with care, locating such facilities adjacent to expected commercial centers with excellent access to nearby businesses.

CONTENTS

Executive Summary i
Introduction 1
Enhancement Report Context 1
Organization of Report 3
Market Factors and Existing Conditions 3
Land Uses 3
Land Values 6
Vacant and Redevelopable Land 6
Highway 99 Traffic 10
Study Area Demographics 13
Market Analyses 20
Housing 20
Retail 28
Office 36
Lodging 37
Comparative Assessment: How Other Areas Compete With Edmonds 39
Development Regulations 39
Plans and Investments 40
Proposed BR Zone 41
Fiscal Assessment 42
Appendix A: Enhancement Report Development Scenarios 44
Appendix B: Detailed Summary of Consumer Buying Power 45

INTRODUCTION

Enhancement Report Context

The City of Edmonds created a Task Force to explore redevelopment strategies for the Edmonds Highway 99 Corridor. A founding principal and guiding objective of the Task Force is to increase the City's public revenues through redevelopment strategies focused on the Highway 99 corridor. In related work, the City hosted a series of focus groups and development forums to depict a future for the corridor, culminating in the *Highway 99 Enhancement Report*, produced by Makers Architecture and Urban Design in April 2004.

The result of the design work showed a mix of retail, office, hotel and residential land uses that the participants suggested for the corridor. Fiscal benefits may have been considered as part of that process, but the Enhancement Report is not a plan or a strategy with direct connections to maximizing fiscal benefits along the corridor. The Enhancement Report is not a plan, but rather an illustrative guide to opportunities to explore for redevelopment.

The following actions are identified and recommended by the Enhancement Report:

- Better channelization of consistent left-turn fluxes
- Top Foods area: improve pedestrian access and protect pedestrian friendly area with dedicated paths between properties
- Pedestrian connections to Interurban Trail
- Improve left-turn safety on 76th and circulation for left-turn lanes between 224th and 230th
- Connect services and residential areas with unifying characters, gateways and amenities
- New signal at 234th to help pedestrian and left-turn vehicle access
- Consolidation of driveways in the southern part of the corridor near 238th to reorganize traffic access and introduce a new signal at 240th.

This market assessment provides an economic market assessment of the Highway 99 corridor in Edmonds and the key themes in the Enhancement Report. It is intended to help the City move from the Enhancement Report toward an implementable plan. The Enhancement Report provides guidance on the locations of potential redevelopment along the corridor, focused in four nodes, as shown in Exhibit 1 from the Enhancement Report itself. In addition, the Enhancement Report identifies specific parcels for new development or redevelopment.

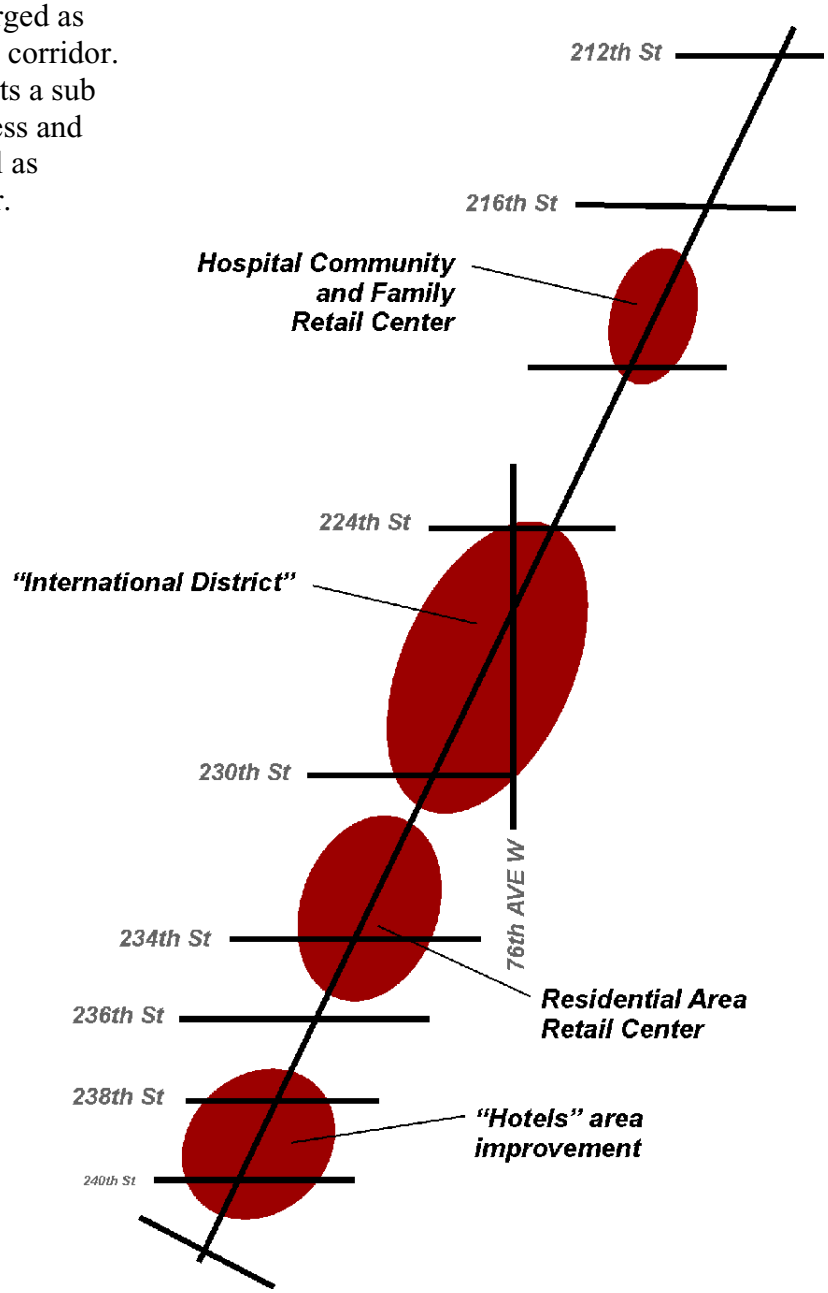
This report describes and analyzes the potential development opportunity of specific sites and parcels illustrated in the Enhancement Report. Those drawings are included as attachments in Appendix A.

Focus Areas along the Corridor

Four themes and four areas emerged as particularly interesting along the corridor. Each one of these areas represents a sub system with specific traffic, access and pedestrian characteristics as well as development goals and character.

From the north to the south we recognize the following areas:

- The **Hospital Community and Family Retail Center;**
- The **"International District"** area;
- The **Residential Area Retail Center**;
- The **"Hotels" area improvement**



Report Contents

This report assesses the market feasibility, the relationship to fiscal benefits and specific areas in the corridor as follows:

- **Market Factors and Existing Conditions.** Detailed assessment of existing land uses, land values, demographics, economic conditions and physical characteristics of land along the Highway 99 corridor and in the proposed BR zone.
- **Market Analyses.** A complete analysis of the market demand for the four key land uses considered along the Highway: Residential, Retail, Office and Lodging.
- **Comparative Assessment.** A brief overview of how the Edmonds corridor competes with development opportunities along Highway 99 in Shoreline and Lynnwood.
- **BR Zone.** An assessment of the policies included in the City's proposed BR Zone and the role of the zone in corridor development.
- **Fiscal Benefits.** An overview of how corridor development can affect the City's fiscal situation.

MARKET FACTORS AND EXISTING CONDITIONS

Land Uses

Highway 99 in Edmonds includes a broad range of land uses, including many different retail uses, grocery stores, a fruit and vegetable market (on unincorporated land), car dealerships, offices, professional services and health services, banks and financial services, recreation, entertainment, mobile homes, apartments, motels and vacant parcels, as shown in Exhibit 3.

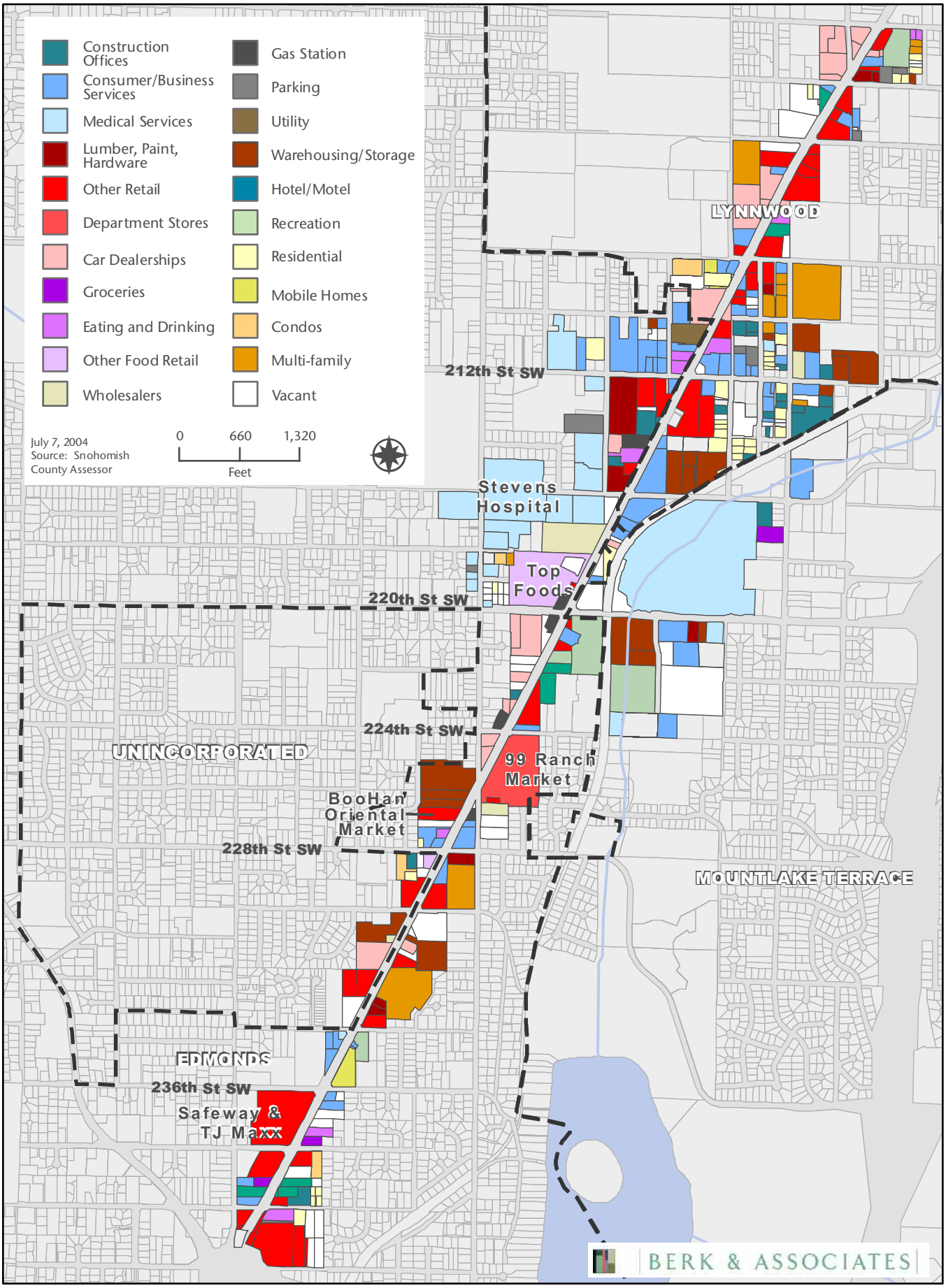
The commercial development in most areas along the highway is limited to the row of parcels adjacent to the roadway. In other areas, most notably in the north end around the hospital, the commercial development extends a block or two from the Highway. Many of the uses are important to understand for economic development purposes – most notably the hospital area.

The south end of the Edmonds portion of Highway 99 crosses State Route 104. A car dealership, hotel and small service establishments are located in this vicinity. Immediately to the south of this interchange is a major retail center in Shoreline, anchored by CostCo, Home Depot and Big 5 Sporting Goods.

To the north of the Edmonds portion of Highway 99, the commercial corridor continues into Lynnwood. In the Lynnwood segment of the highway are many businesses similar to the Edmonds businesses, including car dealerships and Asian businesses.

Midway along the corridor in Edmonds, unincorporated land flanks the Highway to the west. Along this section are two vacant parcels, a car dealer, storage, a vegetable stand.

Exhibit 2: Existing Uses in the Highway 99 Corridor



Four parcels along Highway 99 are in the City Limits of Mountlake Terrace. One of those parcels is vacant and planned for casino development (NE corner of 220th Street). The other parcels in Mountlake Terrace on Highway 99 include a car dealer and auto repair shop.

Parcels along Highway 99 within the City Limits of Edmonds, that factor directly into the Enhancement Report, are summarized in Exhibit 3. In total, 4.8 million square feet (s.f., 110.2 acres) of land is devoted to nearly 700,000 s.f. of retail space; 2.3 million s.f. of land (53.7 acres) has 534,167 s.f. of office space on it, mostly related to medical clinics. Some parcels included in this study area, such as a parcel that contains condominium housing, are set back one row of development from the Highway, but factor into the Enhancement Report for redevelopment.

Exhibit 3:
Existing Land Uses Along Highway 99 Corridor in Edmonds

Land Use	Number Parcels	Built Space (s.f.)	Land Area (s.f)
Retail			
Car dealerships	11	59,938	389,420
Lumber, paint and hardware	5	97,666	324,536
Department stores	1	103,662	387,628
Grocery stores	2	2,585	40,812
Eating and drinking	6	12,855	171,590
Other food retail	2	95,516	418,622
Other retail	25	290,636	1,339,856
Other residential	32	27,100	1,729,355
Total Retail	**84**	**689,958**	**4,801,819**
Housing			
Condos	23	28,026	700,830
Mobile homes	1	2,385	73,406
Commercial and Office			
Construction offices	7	15,601	202,070
Consumer and business service	28	132,993	749,523
Medical services	16	385,573	1,388,474
Total Office	**51**	**534,167**	**2,340,067**
Other			
Gas station	5	6,734	115,417
Hotels/motels	7	62,438	220,721
Multifamily Housing	2	91,926	407,626
Parking	3		106,741
Recreation	3	34,760	280,152
Utility	2	6,084	76,741
Warehousing, storage	6	175,440	516,180
Wholesalers	3	13,080	257,103
Vacant	**41**		**1,102,442**
Unidentified	7	18,566	100,804
Total	**373**	**2,887,689**	**18,241,937**

Source: Snohomish County Assessor's Office.

Land Values

Most of the parcels immediately along the corridor range in assessed value from $10 to $21 per square foot, according to the Snohomish County Assessor's office (July 2004). Market values are very close to assessed values, ranging slightly higher in some areas. Stakeholders interviewed for this study confirmed that market values for land likely fall within this range throughout the corridor.

The land values suggest that structured parking is unlikely to accompany new development. This serves as an important assumption leading into the market analysis, as it affects the amount of development capacity in the corridor. Higher land values indicate the ability to attract high-rent tenants who would support higher densities and greater investment in parking facilities.

Any individual developer could choose to prove the surface parking assumption wrong. The 80-foot height limits included in the mixed-use zone regulations, for example, might pique an ambitious developer's interest in exploring structured parking. For planning purposes the analysis assumes surface parking throughout.

Vacant and Redevelopable Land

Exhibit 4 highlights vacant parcels and land potentially suitable for redevelopment. The re-developable determination is based on the ratio of assessed improvement values over assessed land values, an industry standard technique to make such a judgment. All developed land is technically redevelopable; the ratio method captures the likelihood that existing development would be torn down to make way for new development. Land along both sides of Highway 99 in Edmonds, Mountlake Terrace, the unincorporated portion, and just north of Edmonds in Lynnwood (south of 200th Street), includes many parcels that are vacant and many more than meet most definitions of redevelopable.

The Enhancement Report appears to have similarly identified sites suitable for redevelopment based on assessed values. The report identified 16 sites in Edmonds suitable for redevelopment, ranging in size from less than one acre up to 5.8 acres (Exhibit 5). A few of these sites are contiguous with each other. In those areas with adjacent sites suitable for redevelopment, further parcel aggregation would improve attractiveness to developers.

The largest area suitable for redevelopment surrounds the Burlington Coat Factory at the south end of the corridor. That area, east of Highway 99, includes several parcels, grouped into three sites with 3.5, 4.8 and 5.8 acres, totaling 14.1 acres.

This area could accommodate large-footprint buildings and surface parking, as required by many specialty and destination retailers (big-box retail). As Exhibit 6 shows, many such retailers require 10 acres or more.

One site, along the eastern side of Highway 99 north of 234th Street, totals 5.9 acres and offers greater possibilities as well. Commercial centers or mixed-use residential and retail could easily fit on this parcel. The shape of the parcel and large amount of the parcel fronting Highway 99 presents access and design challenges, but the size of the parcel would allow a developer and the City the flexibility to overcome those challenges.

Exhibit 4: Vacant and Redevelopable Parcels

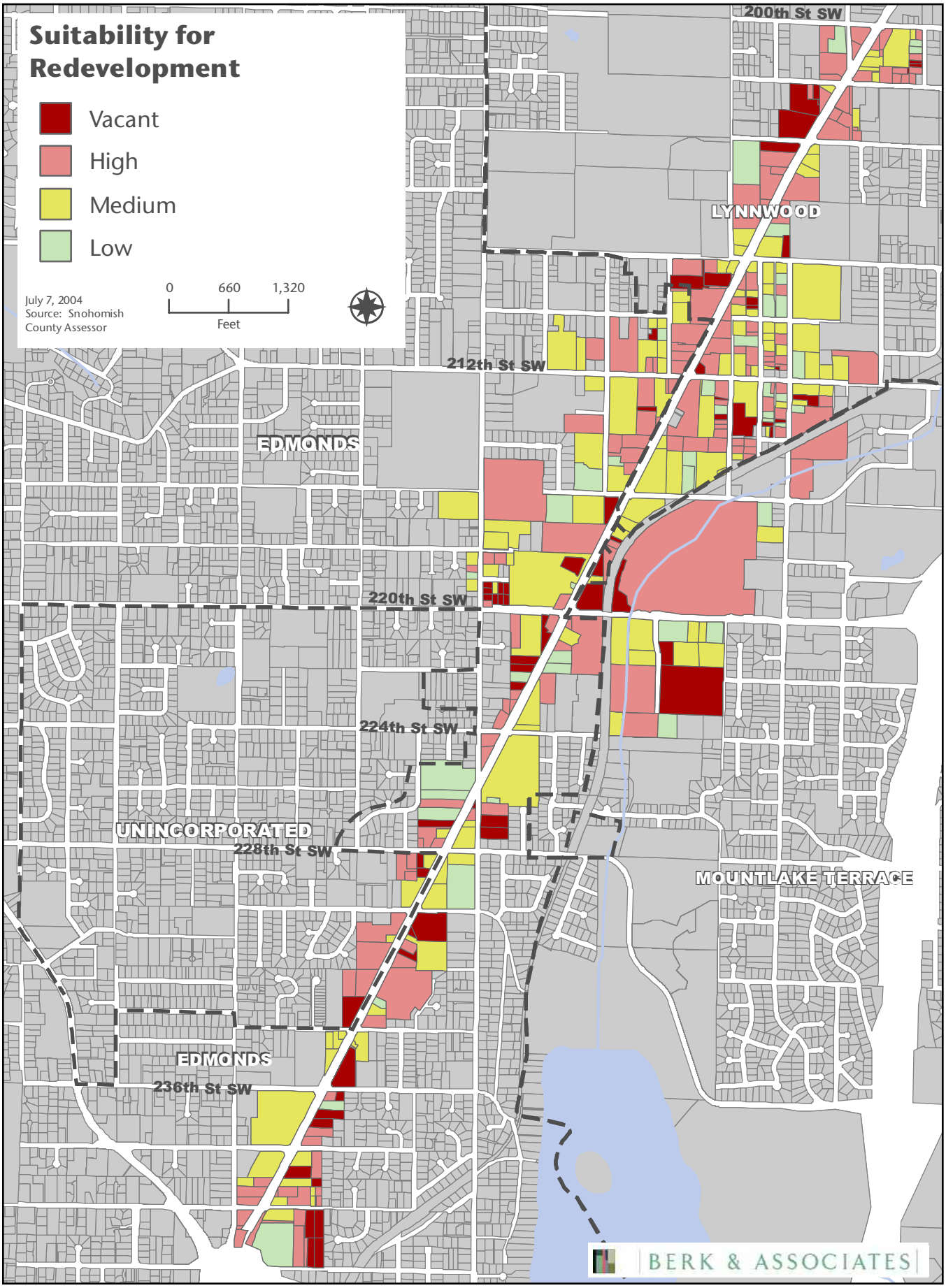


Exhibit 5: Enhancement Report Redevelopable Sites and Sizes

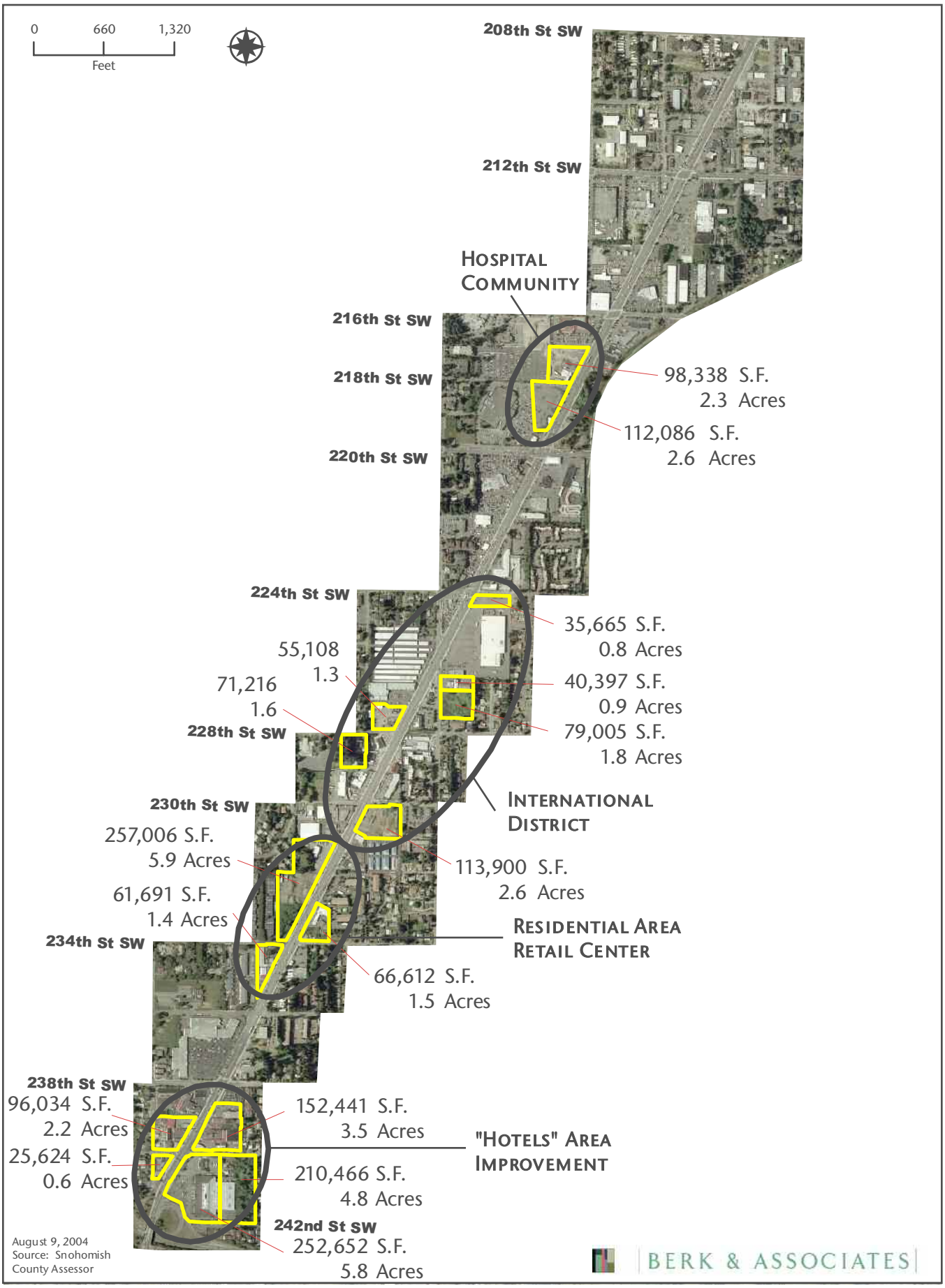
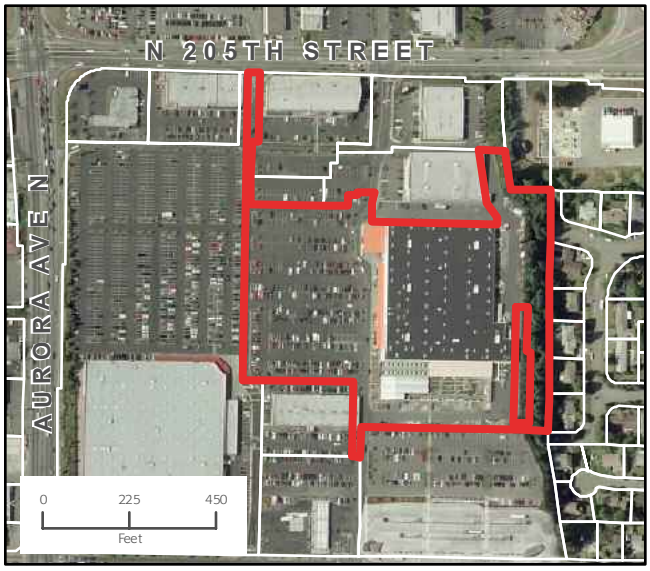


Exhibit 6: Large-footprint Retailers and Associated Parcel Sizes

Costco

1175 N 205th Street, Seattle
Year Built: 1993
Land: 598,363 sf, 13.7 acres
Building: 156,876 sf, 3.6 acres
FAR: 0.26



Home Depot

1335 N 205th Street, Seattle
Year Built: 1994
Land: 423,286 sf, 9.7 acres
Building: 107,660 sf, 2.5 acres
FAR: 0.25

Sam's Club

13550 Aurora Ave North, Seattle
Year Built: 1984
Land: 512,026 sf, 11.8 acres
Building: 117,208 sf, 2.7 acres
FAR: 0.23

August 9, 2004
Source: King County Assessor, Snohomish County GIS

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The next size down in size includes several sites ranging from one to two acres (Exhibit 5). These parcels are particularly well suited for family-oriented restaurants, fast-food restaurants, smaller commercial centers and stand-alone retail businesses. Smaller garden style apartments could go onto those sites as well. All of these uses are represented in the Enhancement Report, laid out well for a good mix of uses along the corridor.

Finally, two smaller lots (less than one acre) offer less opportunity, but would serve well for smaller commercial (professional offices or convenience retail). Alternatively they could be combined with adjacent parcels for more flexibility. The Enhancement Report illustrates well these uses.

Highway 99 Traffic

Traffic conditions along Highway 99 are the dominating feature in the study area. Each day, between 30,000 and 35,000 cars drive along Highway 99 in Edmonds. Washington State Department of Transportation (WSDOT) traffic counts in Shoreline, just south of S.R. 104, show that annual daily traffic increased from 31,000 in 2000 to 33,000 in 2002 (an increase of 3.2% per year).

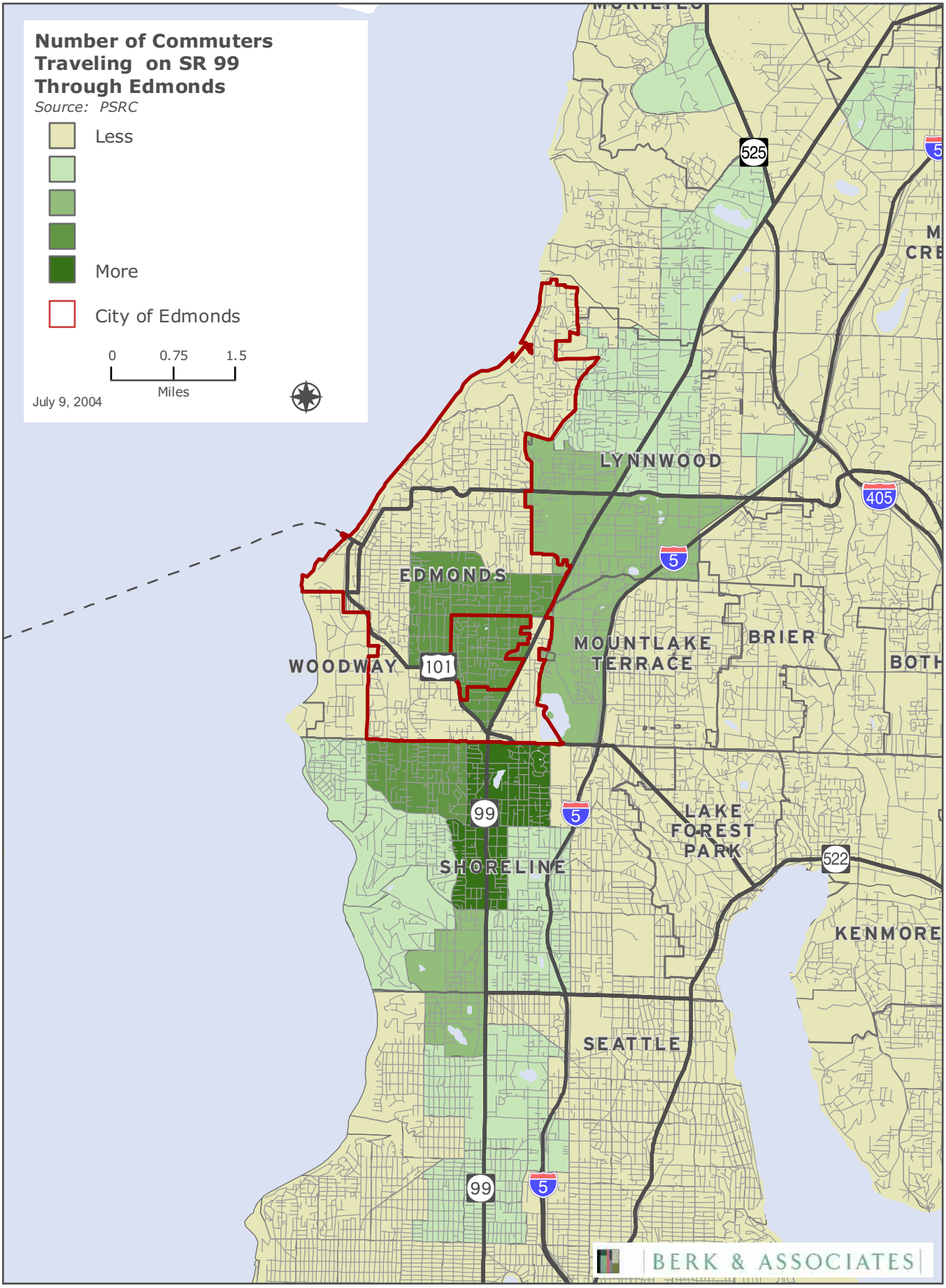
Highway 99 traffic volumes grow further to the south, near Seattle and also grow to the north in Lynnwood. Traffic volumes are heavier southbound in the morning with commuters traveling to Seattle and heavier northbound in the evenings when the same commuters return to their homes in Lynnwood and further north.

The origins of all travelers throughout the day are more concentrated near Highway 99 south of Edmonds and more dispersed throughout Snohomish County to the north of Edmonds, as shown in the map in Exhibit 7. This map shows traffic modeling data provided by the Puget Sound Regional Council. A single segment of Highway 99 was selected, just north of S.R. 104 in Edmonds. The map shows the origins of all trips made throughout the day that pass through that segment of Highway 99.

Destinations for southbound trips originating north of Edmonds are largely concentrated in Seattle. Northbound trips originating south of Edmonds are destined for Lynnwood, Canyon Park in Bothell, Everett and other areas of Snohomish County.

This map provides important context for understanding the activities of travelers along Highway 99. The value of this traffic to retailers is discussed further in the retail section below. Most importantly, the modeled data provide an understanding of the geographic extent of the area centered around Edmonds that is home to people that frequent the Highway 99 corridor. Understanding characteristics of the people that live within this area is the focus of the next section.

Exhibit 7: Select Link Analysis Results



Transit along Highway 99

Transit strategies can affect redevelopment by serving as the center of community activity through their location, allowing access for pedestrians and cyclists, providing amenity services and encouraging local businesses to take part in local activities. Office tenants will pay a rental premium for transit-linked offices and transit connections can lead to more compact development and better pedestrian connections. Transit connections can be an asset when they link employment locations with a range of ancillary activities in addition to office space, build pedestrian linkages among a wide range of uses, and lower traffic congestion.

Transit strategies that affect community development depend heavily on their management and fall into two categories: design-oriented strategies (incorporating retail, community services, and special events); and service-oriented strategies (increasing mobility and circulation within a neighborhood or business or shopping district). Community Transit's plans for the corridor fall primarily into service-oriented strategies.

Community Transit (CT) ridership on Highway 99 is the heaviest of any route, with one million riders per year (total CT ridership is about seven million riders annually). The routes with highest demand connect with King County Metro service at Aurora Village.

Community Transit has identified several service gaps in mid-day and late-day service in the study area. CT plans to place priority on expanded or more frequent (from every hour to every half-hour) weekend service on routes serving or crossing Highway 99 in Edmonds by 2009.

In addition to service improvements, Community Transit is currently assessing the feasibility of implementing Bus Rapid Transit (BRT), an approach to improving the quality and service of bus transit trips without a fixed guideway. CT's concept for Highway 99 is to create an express service overlay which would improve frequency of buses and branding of service separately from CT's other routes. CT would deploy a more comfortable fleet of buses and a limited stop pattern.

Another distinguishing element of the BRT proposal is to have a higher-quality station every 5th stop. These limited-access stops would have a customized shelter with wayfinding and real-time arrival information. In addition, significant public investment in roadway upgrades, transit signals, and transit signal priorities would be made, allowing for extended "green" time and a higher quality of experience for bus riders.

Currently there are no direct all-day transit connections with the Highway 99 corridor and downtown Seattle, meaning most people use I-5 bus service or travel by car. The BRT Feasibility Study will analyze ridership on these routes to better identify the drivers of transit demand, but CT suggests that there is a latent market for those traveling now with off-peak or slow trips to Seattle, or those who need to transfer.

In Edmonds, the current 2004-2009 Transit Development Plan suggests BRT stops at the Edmonds Park & Ride, 238th Street, and the Aurora Village Transit Center, and transit signal priority improvements at 238th, 224th, 220th, 216th, 212th, and 208th. Sidewalks and transit/turn/transition lanes would also be included all along the corridor.

The development of a BRT program would be relevant to the City of Edmonds if the program could be considered a contributor to redevelopment on the Highway 99 corridor. In general, increasing densities in an area allows transit to be a tool to encourage development. In addition to increased floor-to-area ratios and height limits that allow for additional density, CT would seek to encourage transit development along the corridor would include relatively constrained parking and buildings close to the sidewalk in a mixed-use pattern.

Study Area Demographics

Population Density

On the northeast border of the City near Highway 99 is one of the most densely populated areas in Edmonds, as shown in Exhibit 8 (following page). Two other concentrations of moderate- to high-density areas exist on Highway 104 between Edmonds and Woodway, and another near the City's waterfront. To the north, Lynnwood has one of the most densely populated areas of the region, with many multifamily units located near Highway 99.

Exhibit 6 illustrates that the highest density areas nearest to Edmonds are concentrated to the south in Seattle and to the north in Lynnwood. This presents an important demographic challenge for Edmonds to overcome in attracting businesses like fast food restaurants that rely on population density as a location criterion. Competing locations to the south in Shoreline and to the north in Lynnwood are both closer to the more heavily populated areas of Seattle and Lynnwood.

Household Income

Median household income in Edmonds in 1999 was $53,522, which is equivalent to the median income for King and Snohomish Counties ($53,157 and $53,060, respectively). Within the City, households in the northern areas of the city generally have higher incomes than the median, as shown in Exhibit 9 (two pages following), with household incomes slightly below the median in areas to the west of Highway 99 and in the multifamily and commercially zoned areas near the Edmonds waterfront.

Exhibit 8: Population Density

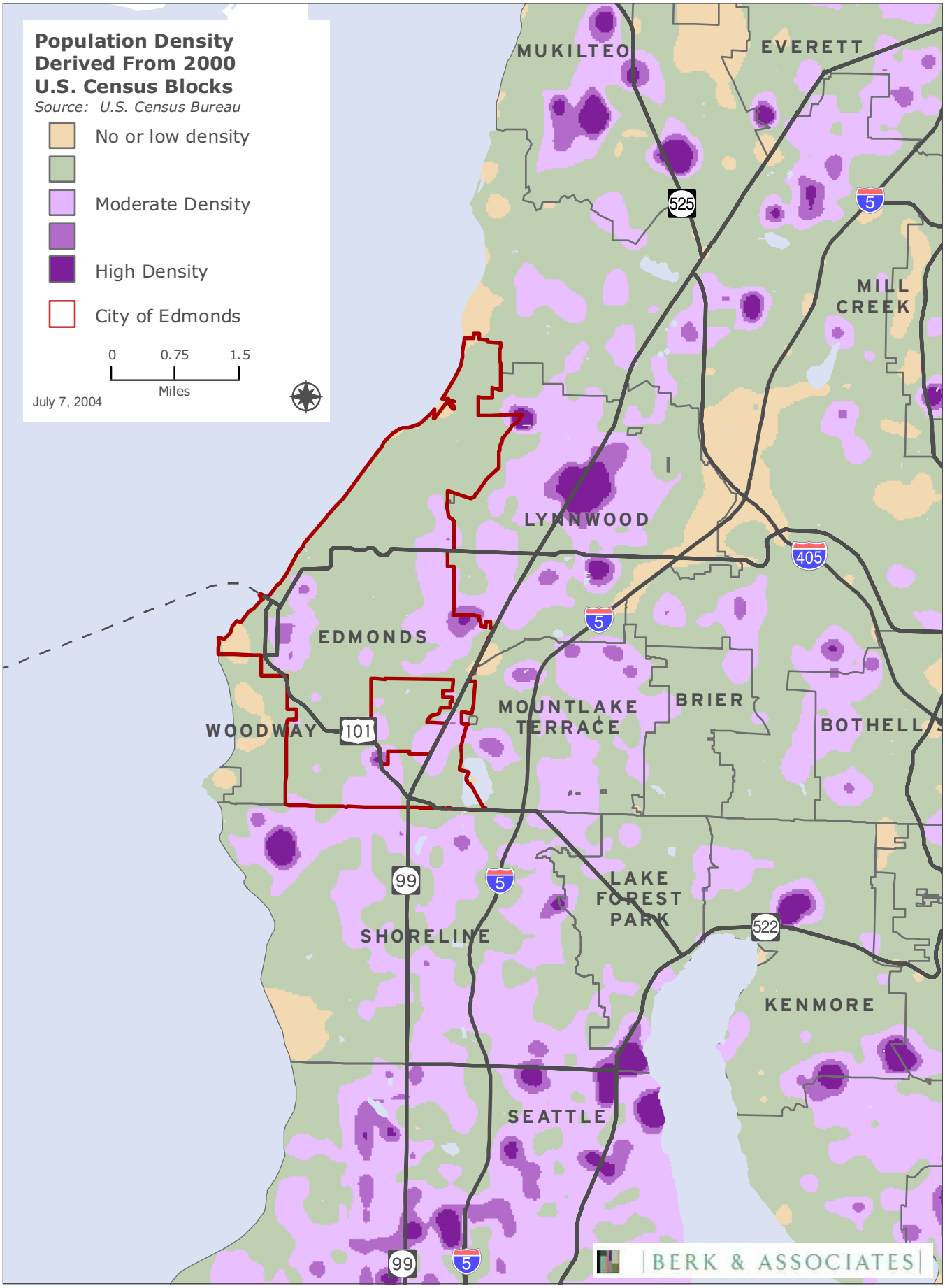
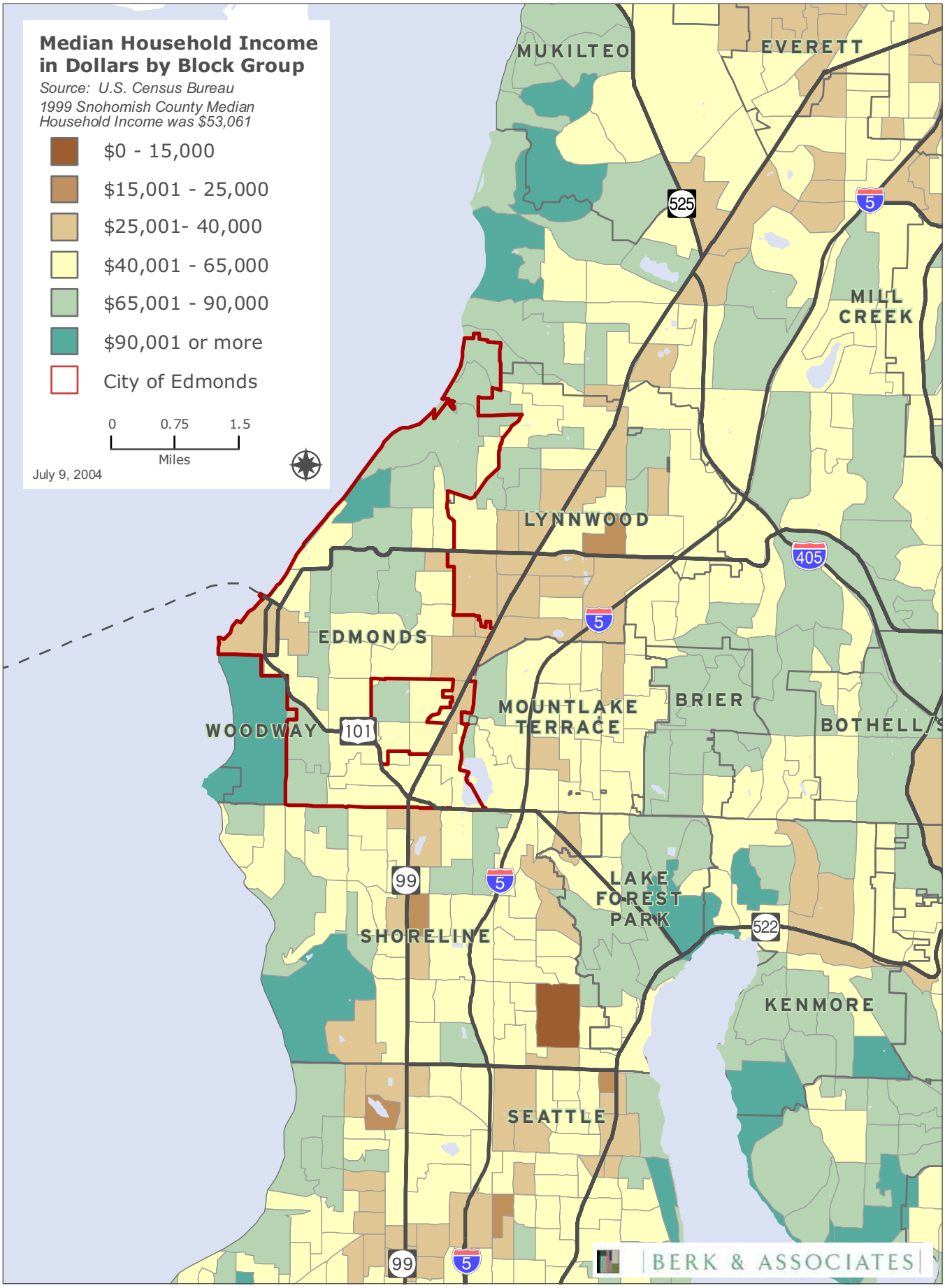


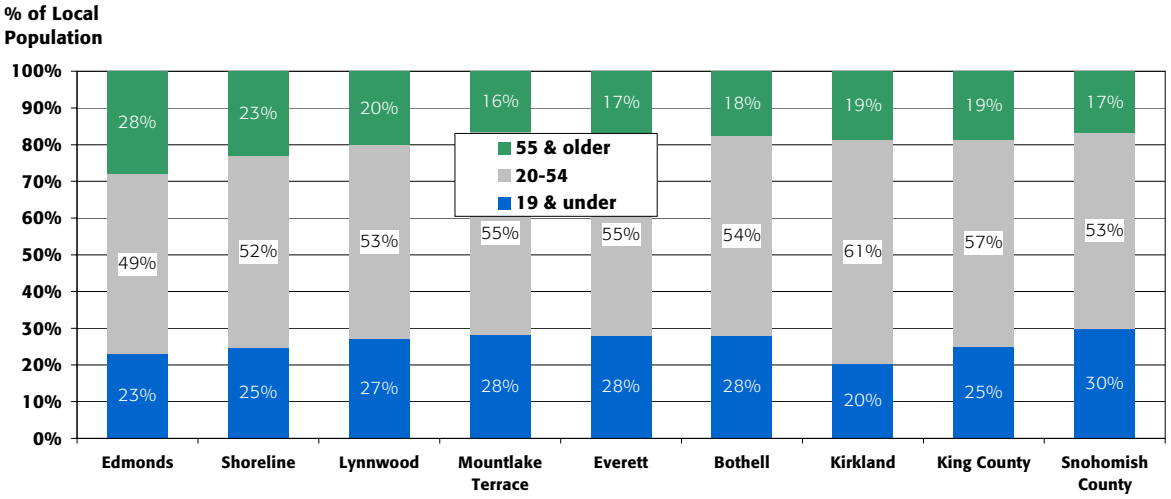
Exhibit 9: Median Household Income



Age

The age distribution of Edmonds residents shows a larger share of populations 55 and older (28% are over 55, compared to a range of 17%-24% in neighboring and similarly-sized cities), shown in Exhibit 10. Many of the condominium housing developments in Edmonds serve the "empty nester" market well, providing owner-occupied housing for couples downsizing after raising families in larger houses elsewhere.

Exhibit 10:
Age Distribution of Edmonds Residents and Nearby Cities

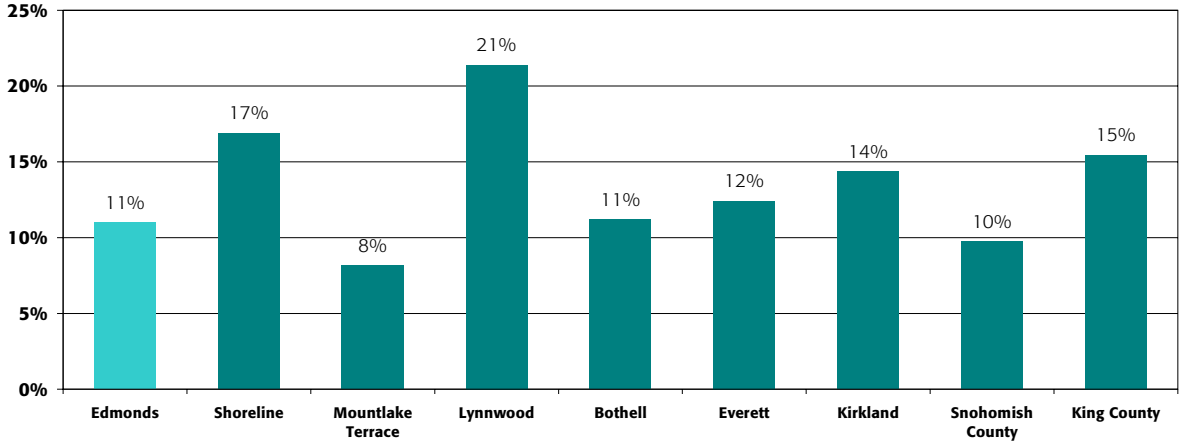


Source: U.S. Census, 2000

Foreign-Born Residents

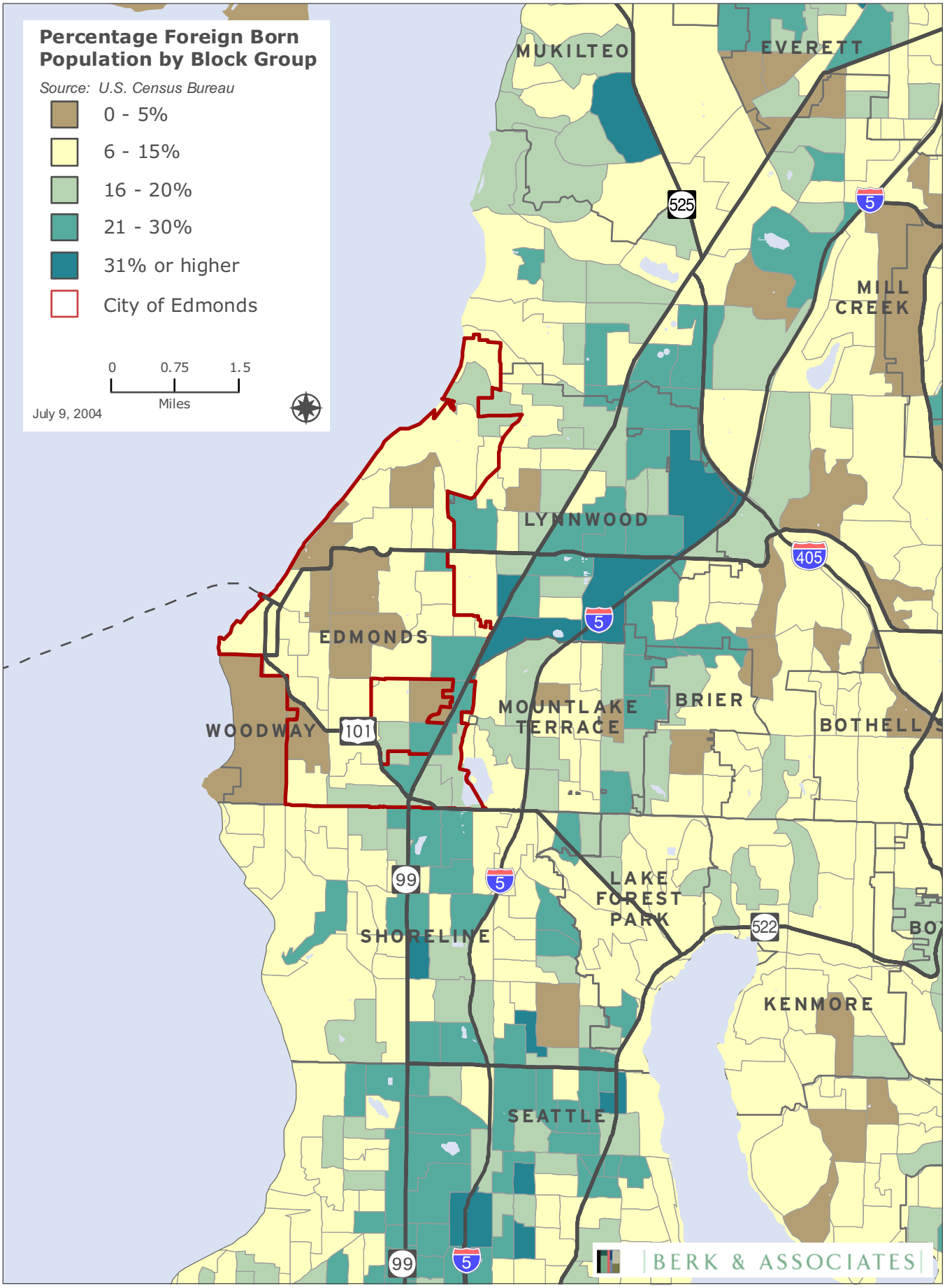
Foreign-born residents make up a relatively smaller share of Edmonds' population overall (11%) than most neighboring cities, as shown in Exhibit 11 but Edmonds' share is consistent with the share of foreign-born residents in Snohomish County as a whole (10%). Neighboring and similarly sized cities' foreign-born populations make up 14% to 21% of those cities' respective populations.

Exhibit 11:
Percentage of Residents Born in Other Countries for Edmonds and Surrounding Communities



The greatest concentrations in Edmonds of persons born outside the U.S. reside along the Highway 99 corridor, with a range of 21%-30% foreign-born residents in every census block group along the highway, as shown in Exhibit 12.

Exhibit 12: Foreign Born



Asian businesses are prominent along Highway 99 north of Seattle. Asian residents in Edmonds included 1,490 people in 2000, per the U.S. Census, representing 4% of the City's population. Shoreline, Mountlake Terrace and Lynnwood all have more residents born in Eastern and Southeastern Asia (Exhibit 13). Cumulatively, more residents come from Korea, Vietnam, the Philippines and China than other countries in Eastern Asian and Southeast Asia. More live in Shoreline than other nearby communities, followed by Lynnwood.

Exhibit 13:
Residents Born in Eastern and Southeastern Asia,
Edmonds and Neighboring Communities, 2000

	Edmonds	Shoreline	Mountlake Terrace	Lynnwood	Total
Eastern Asia	**990**	**2,503**	**690**	**1,393**	**5,576**
China	275	1,176	150	432	2,033
Japan	160	222	43	107	532
Korea	555	1,105	497	854	3,011
Southeastern Asia	**500**	**2,165**	**846**	**1,890**	**5,401**
Cambodia	12	68	59	182	321
Indonesia	16	52	62	46	176
Laos	8	113	39	34	194
Malaysia	-	62	27	7	96
Philippines	275	790	413	675	2,153
Thailand	23	75	20	78	196
Vietnam	142	1,001	222	854	2,219
Other SE Asia	24	4	4	14	46
Total	**1,490**	**4,668**	**1,536**	**3,283**	**10,977**
% of Total Population	**4%**	**9%**	**8%**	**10%**	**7%**

Source: U.S. Census, 2000.

MARKET ANALYSES

The Enhancement Report identifies four types of land uses to be considered for planning: retail, multifamily residential, office and lodging. Mixed-use with retail and residential is also included in the Enhancement Report. This section looks at each type of land-use – for the whole corridor in Edmonds. Node-by-node and corridor-wide discussions follow in subsequent sections.

Housing

The Enhancement Report includes the following housing scenarios in the International District, the Residential Area Retail Center, and the Hotels Area Improvement.

- In the International District, the scenario includes sites for housing development. One site includes two parcels (combined land area of 79,000 s.f.) east of Highway 99 converted to "Retirement Housing." The other site has three parcels on the west side of Highway 99 that combine for 71,200 s.f. of land devoted to new multifamily housing.

- In the Residential Area Retail Center, three parcels on the west side of Highway 99 show mixed use residential/retail developments. The three parcels total 156,600 s.f. in land area. The Enhancement Report shows one of the parcels devoted to retail (53,700 s.f), one devoted to housing (45,029 s.f.) and one with what appears to be ground-floor retail and housing on the above stories (57,874 s.f).

- In the Hotels Area Improvement, nine contiguous parcels — mostly vacant – provide 210,500 s.f. of land area potentially developed with multifamily housing.

All of these sites present land areas large enough for design flexibility and various parking configurations. The height limits in the proposed mixed use zoning would allow up to six stories, which allow dense development of housing.

Quality housing along Highway 99 would provide more vibrancy to the corridor. More housing units would potentially provide a significant indirect benefit by increasing activity in the area. Residential developments, including mixed-use residential with retail as well as quality garden-style apartments, would add substantially to the daytime, evening and weekend activity along the corridor.

Enhancement Report Build-Out Scenario

Examining market feasibility of housing shown in Enhancement report requires an understanding of the amount of housing in the report. A build-out scenario as shown in Exhibit 14 would include 565 units, based on average housing unit size of 840 s.f. (average net leasable area per unit) and buildings six stories in height (based on the 80-foot conditional height limits in the proposed mixed-use zoning description). In addition, the scenario assumes 15% additional space in the building for common areas and utilities and 1.75 parking spaces required for each housing unit. The analysis calculated the maximum number of units that could fit on each site based on these assumptions and surface parking.

Exhibit 14:
Housing Units Represented by Enhancement Report with Full Buildout, Surface Parking and Mixed-Use Zoning

	International District		Residential	Hotel	
	East of Hwy 99	West of Hwy 99	Area	Improvement	Total Scenario
Land devoted to residential (s.f.)	79,005	71,216	102,903	210,467	463,591
Building footprint	15,625	14,085	23,404	41,625	94,739
Parking area	56,197	50,657	70,144	149,708	326,707
Setbacks, driveway, landscaping	7,182	6,474	9,355	19,133	42,145
Stories	6	6	5	6	
Dwelling Units	**97**	**88**	**121**	**259**	**565**

Source: City of Edmonds, Snohomish County Assessors Office.

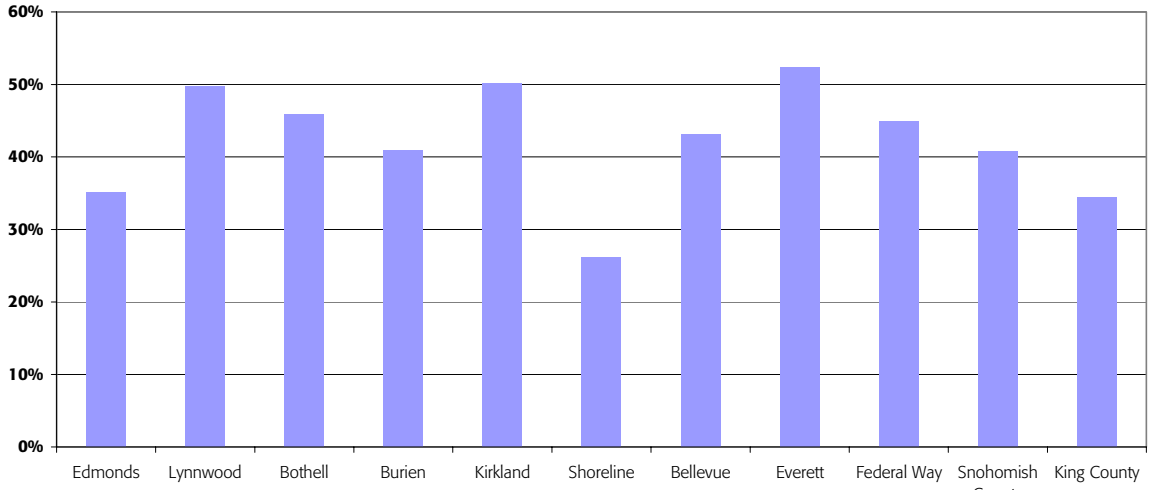
The capacity of these sites to accommodate housing and thus the number of units represented by the Enhancement Report depends on many factors. The number of parking spaces required per unit is one assumption that affects the capacity of the sites and is also a policy decision somewhat within the City's control. The assumption of 1.75 spaces per housing unit represents an assumption skewed towards two-bedroom units, based on the City's off-street parking requirement for 1.5 spaces per one-bedroom unit and 1.8 spaces per two-bedroom unit (Edmonds Code 17.50.020 Parking Space Requirements).

Many cities have required only 1.5 parking spaces per unit for all units, for example. The lower ratio perhaps makes the most sense in multifamily areas with high levels of transit service, reducing households' needs for multiple cars. At 1.5 spaces per unit, holding all other assumptions the same, the Enhancement Report would represent 637 units.

Current Conditions and Short-term Outlook for Multifamily Housing

Edmonds had 17,613 housing units in the City in 2003, including 11,428 single-family detached units, and 6,185 multifamily and "other" housing units (mobile homes, trailers and other legal housing). Multifamily and "other" units together make up 35% of housing units in Edmonds, lower than most other cities, though Shoreline has an even lower percentage (26%) as shown in Exhibit 15.

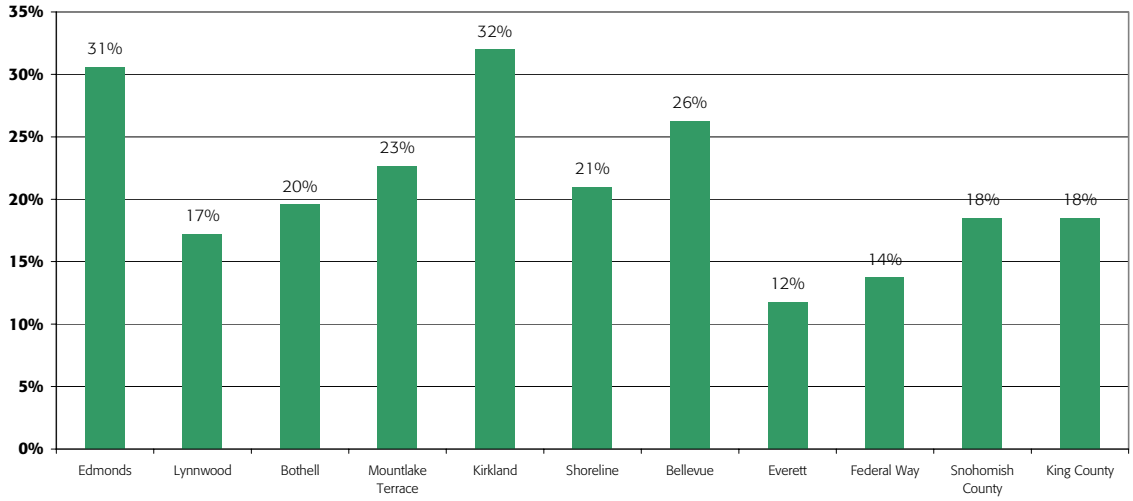
Exhibit 15:
Multifamily Share of Housing, 2003



Source: Washington State Office of Financial Management

Edmonds has one of the lowest shares of multifamily rental housing (as percentage of all multifamily housing) when compared to other cities, and one of the highest shares (31%) of *owner-occupied* multifamily housing among comparable cities and neighbors, second only to Kirkland, as shown in Exhibit 16. This indicates that condominiums are predominant in the multifamily housing stock.

Exhibit 16:
Percentage of Multifamily Units Occupied by Owner, 2000



Source: U.S. Census (2000)

Owner-occupied condominium markets may experience decreased demand in the short-term. Interest rates have risen recently and anxiety exists among shoppers regarding additional increases. Regardless, demand for condominiums in the central Puget Sound region remains strong, with very low vacancy rates in owner-occupied multifamily buildings.

The condominium market segments for Highway 99 would likely differ from the condo market found elsewhere in Edmonds. The Highway 99 market would include younger couples without kids, single-person households and small families seeking affordable housing that meets their work commute needs. Transit access on Highway 99 would support such housing.

Real estate market analysts report that the current Puget Sound multifamily rental housing market is in a holding pattern of lower vacancy rates and stabilizing rent levels. The multifamily housing market in Edmonds can be characterized by high vacancy rates over the last year, and rent levels generally lower than the Seattle area. Edmonds reports an 8.3% apartment vacancy rate, slightly lower than rest of Snohomish County, and higher than the 5-year average of 5.9%. The average rent in Edmonds is $691, below the 5-year average of $704. Nearly two-thirds of landlords are offering incentives to renters and the Edmonds apartment market is experiencing 40% turnover annually, with the average term of vacancy about a month (33 days). Over the past year, rents declined 5.0%, a smaller decrease than Snohomish County overall (about 3%).

Because Edmonds housing includes condominium and waterfront properties, the multifamily housing market for the S.R. 99 corridor may be more appropriately linked with Lynnwood and/or Mountlake Terrace, which border the corridor. Lynnwood apartment rental rates have ended their decline and now show growth, while the rent changes in Mountlake Terrace between 2003-2004 showed greater declines (from -3% to -7%).

Mountlake Terrace has a 9.7% apartment vacancy rate, higher than rest of Snohomish County and higher than 5-year average of 6.9%. The average rent is $725, lower than the 5-year average of $785. Half of landlords are offering incentives, with similar turnover and average vacancy terms to Edmonds.

The April 2004 Dupre + Scott Rental Forecast assesses landlords' expected market changes over the next 6 months. The table below, Exhibit 17, confirms other reports that rent levels are expected to stabilize or increase in the short term.

Exhibit 17:
Apartment Rental Forecast, April-October 2004

Area	Expected 6-Month Rents			Projected Increase	Average Market Rent Increase
	Increase	No Change	Decrease		
Shoreline	15.4%	76.9%	7.7%	2.8%	0.4%
Edmonds	30.4%	65.2%	4.3%	4.9%	1.5%
Mountlake Terrace	20.0%	80.0%	0.0%	1.0%	0.2%
Lynnwood	27.6%	72.4%	0.0%	6.3%	1.7%

Source: Dupre + Scott, April 2004

Long-Term Population Growth Driving Housing Demand

Growth in the Edmonds Highway 99 study area will drive housing demand sufficiently to support the amount of residential development represented by the Enhancement Plan. The region overall is forecasted to grow by 1.1% per year through 2020, per regional forecasts produced by the Puget Sound Regional Council (PSRC). Their forecasts suggest King County will grow at a slower rate than Snohomish County and areas further away from Seattle will grow at a more rapid rate, in percentage terms.

The PSRC also publishes population and employment forecasts for areas called Forecast Analysis Zones (FAZs) useful for understanding expected growth rates within the region. In the PSRC forecasts, Highway 99 actually divides the PSRC growth forecasts geographically somewhat, as shown in Exhibits 18. Areas to the north and to the east are forecasted to grow more rapidly than areas to the south and to the west.

The area shown in Exhibit 19 (five FAZs aggregated) is forecasted to add 15,000 people from 2000 to 2020. In addition to attracting residents from elsewhere in the region, the Edmonds Highway 99 residential area could serve this population growth.

Exhibit 18: Population Forecasts in Edmonds Highway 99 Study Area

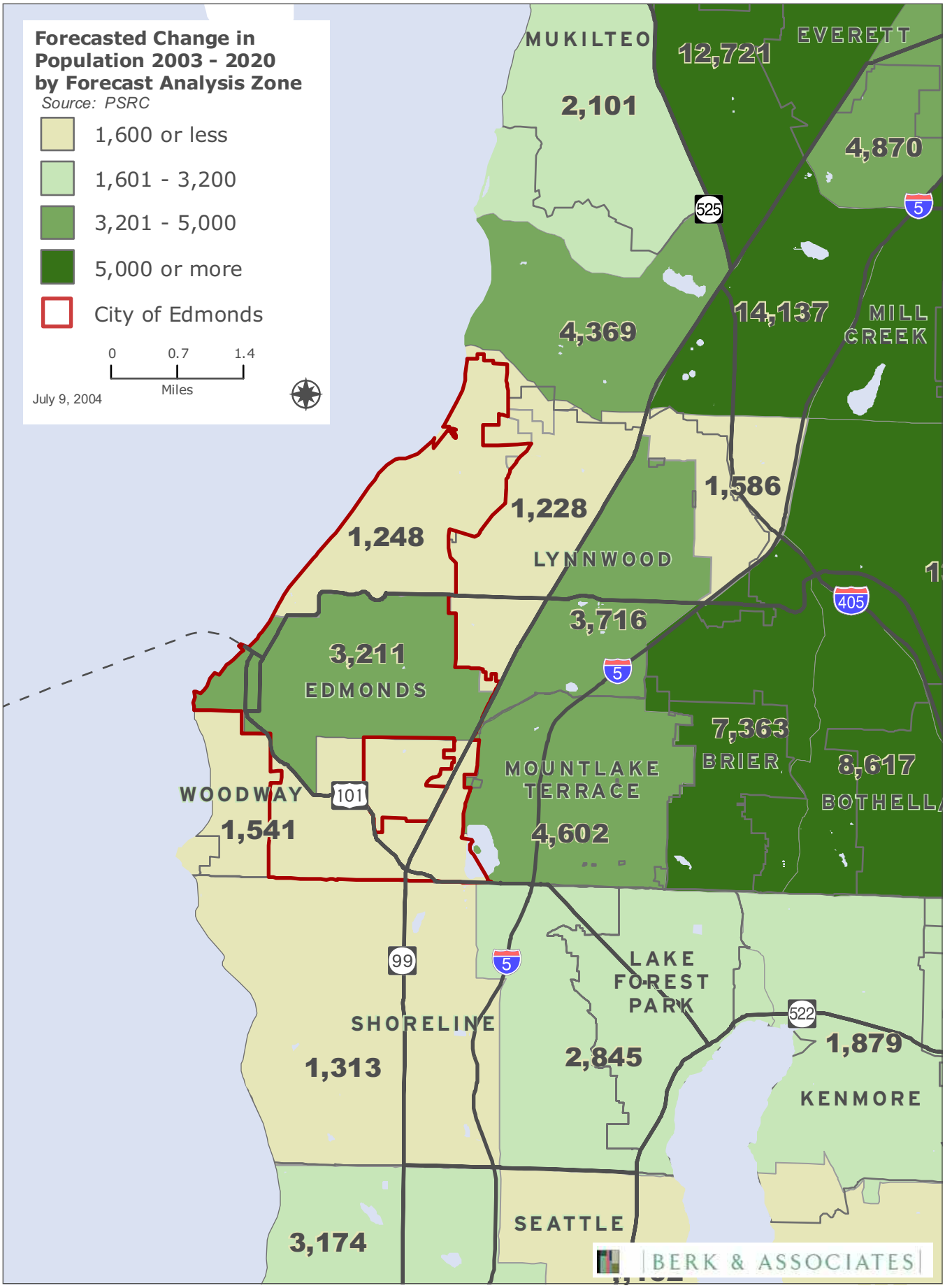
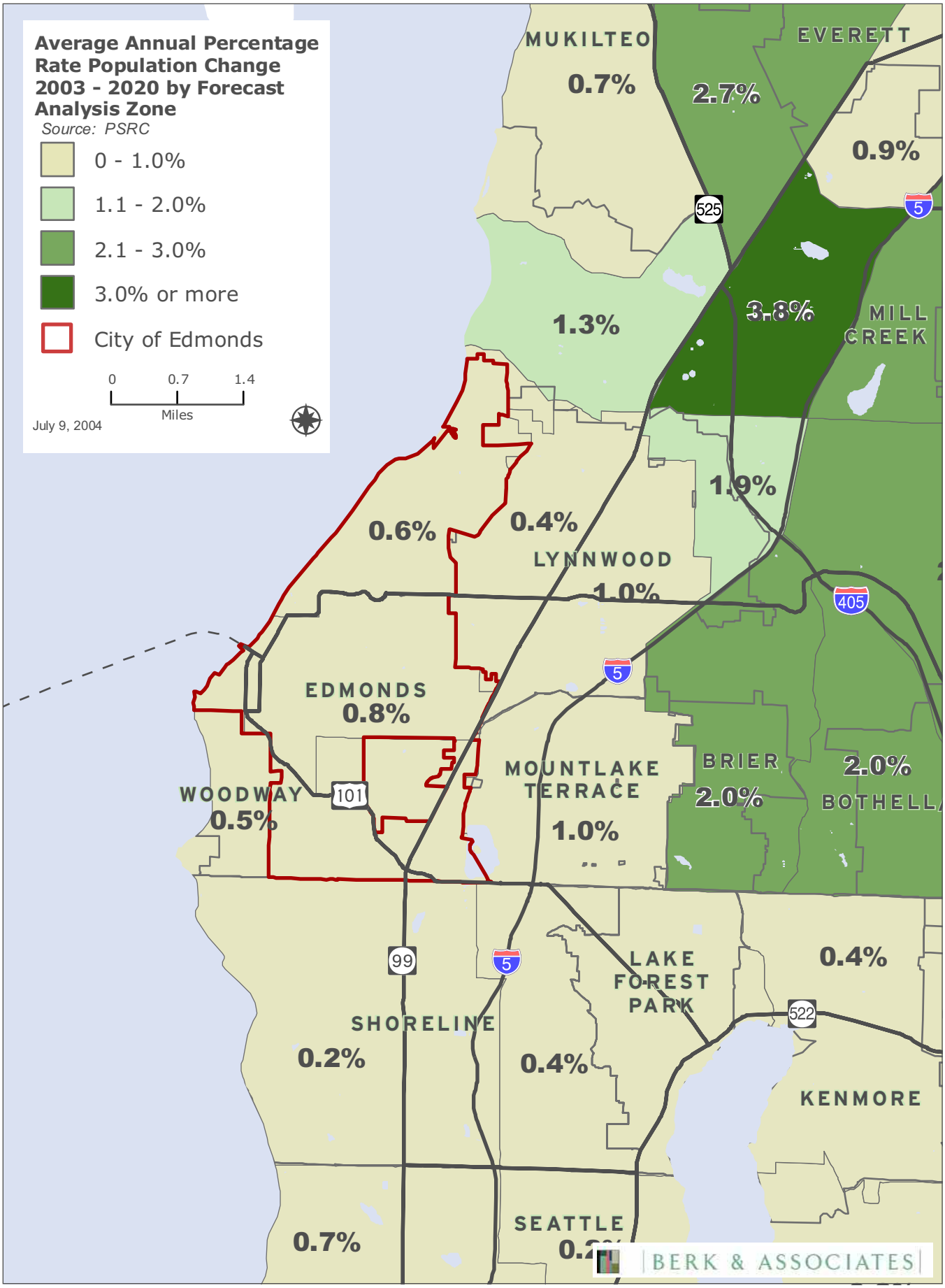


Exhibit 19: Population Forecasts Percentage Change



In the context of the PSRC population forecasts, growth by 2020 would appear to provide an ample market for the total amount of housing represented by the Enhancement Report. Nearly 3,300 multifamily housing units will be necessary to accommodate the growth in the PSRC forecasts, as shown in Exhibit 20. The 565 housing units represented by the Enhancement Report drawings account for 17% of the total forecasted demand for housing in the area.

Exhibit 20:
Population Growth Forecasts Context for Enhancement Report Housing

Population 2000	85,841
Population 2020	100,139
Population Growth 2000-2020	14,298
Household Size	2.3
Vacancy Rate	5%
Housing Units Required for Study Area	6,544
Percentage of Multifamily Units	50%
Multifamily Units Forecasted for Study Area	3,272
Percentage of Forecasted Multifamily Units Represented by Enhancement Report	17%

Source: Puget Sound Regional Council, U.S. Census

Site-specific criteria (discussed below) and other cities' efforts to compete for housing affect feasibility, but the population growth in the area provides an important indicator that long-term demand for housing in the area will sufficiently support the amount of housing shown in the Enhancement Report.

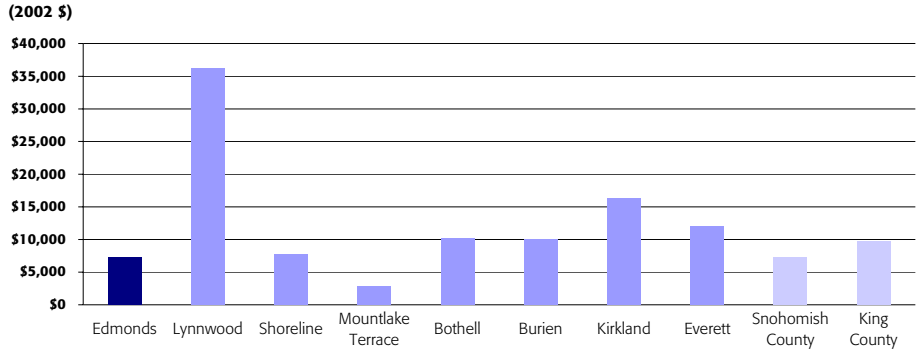
Retail

Current Retail Trends

Retail activity in Edmonds is relatively low compared to other cities its size and compared to its neighbors. Retail activities in the City are concentrated in Downtown Edmonds, along Highway 99 and along S.R. 104. More land is devoted to retail along Highway 99 than in the other two retail areas in the City.

On a per capita basis, taxable retail sales in the City of Edmonds is relatively lower than its neighbors and other cities of similar size, as shown in Exhibit 21, and roughly the same as Snohomish County as a whole. The City's location amidst densely populated areas suggests that Edmonds should be able to attract retail sales comparable to other cities its size.

Exhibit 21:
Taxable Retail Sales per Capita for the City of Edmonds and Surrounding Areas



	Edmonds	Lynnwood	Shoreline	Mountlake Terrace	Bothell	Burien	Kirkland	Everett	Snohomish County	King County
2002 Taxable Retail Sales Per Capita	$7,268	$36,243	$7,711	$2,813	$10,164	$9,976	$16,372	$12,047	$7,221	$9,694
2002 Population	39,580	33,990	52,730	20,470	30,910	31,810	45,790	83,850	637,500	1,779,000
2002 Taxable Retail Sales (millions)	$287	$1,232	$411	$58	$313	$317	$750	$1,157	$4,603	$17,245

Source: Washington State Department of Revenue, Office of Financial Management

A typical household in Edmonds and Mountlake Terrace spends $48,300 per year, slightly higher on average than the North King and South Snohomish Region, as shown in Exhibit 22. The highest category of spending is Miscellaneous Retail, a catch-all category that includes drugs and personal care items, along with household items, sporting goods and other retail items. Excluding auto-related purchases, groceries, household services and other expenditures leads to expenditures similar to the type of retail generally represented by the Enhancement Report. Those exclusions from the data in Exhibit 22 result in $29,651 per household of related expenditures.

A more detailed summary of consumer purchasing in Edmonds and Mountlake Terrace is presented in Appendix A, Exhibit A-1.

Exhibit 22:
Household Consumer Expenditures for Edmonds and Mountlake Terrace and Surrounding Region, 2003 Dollars

	Edmonds and Mountlake Terrace		North King & South Snohomish Region	
	Dollars per Year	% of Total Spending	Dollars per Year	% of Total Spending
Miscellaneous Retail	$9,220	19%	$9,254	19%
Auto Dealers & Gas Stations	$7,210	15%	$7,124	15%
Consumer & Health Services	$7,193	15%	$7,281	15%
Food (Groceries)	$7,133	15%	$7,084	15%
Eating & Drinking Places	$5,300	11%	$5,403	11%
Apparel & Accessories	$4,703	10%	$4,865	10%
Furniture & Home Furnishings	$3,236	7%	$3,303	7%
Household & Education Services	$2,243	5%	$2,312	5%
Other (Contributions, Other)	$2,059	4%	$834	2%
Total Discretionary Spending	$48,297	100%	$47,460	100%

Source: Claritas, Inc.

Edmonds and Mountlake Terrace together have approximately 26,000 households. Excluding cars, groceries, household services and other expenditures, households in Edmonds and Mountlake Terrace together spent approximately $773 million in 2003, most of which is taxable -- $695.7 million, if 90% of those sales are taxable. Edmonds and Mountlake Terrace combined had a total of $150 million in taxable retail sales in related retail categories. The conclusion would be that Edmonds and Mountlake Terrace combined had "leakage" of nearly $550 million in taxable retail sales, excluding auto-related expenditures and groceries.

The City has rightly identified the Highway 99 corridor as an area within the City suitable for attracting more retail development. The Enhancement Report shows a scenario where retail development might occur. The rest of this section analyzes the market feasibility of greater retail development in more detail.

Highway 99 Retail

Current retail along Highway 99 in Edmonds includes grocery stores, retail centers, a department store, auto dealerships, an auto supply store and a variety of miscellaneous retail and eating establishments. Major areas of interest include BooHan Oriental Market, Brentwood Plaza, Top Foods, the Safeway and TJ Maxx development, and Ranch 99 – all of which include additional small retail or service shops at their locations. In addition to these typical retail establishments, several motels, storage facilities and a mix of consumer and business services are located along the corridor.

The Edmonds and Lynnwood portions of Highway 99 are missing many of the commercial franchises that exist along highways elsewhere in the region, including other portions of Highway 99. Fast food franchises and other restaurants are notably absent along this portion of Highway

99. This absence suggests two key points: (1) opportunity for such businesses in Edmonds, and (2) in spite of strong demographics, site characteristics or other local conditions appear to deter development in Edmonds.

Heavy Traffic and Retail Along Highway 99

As discussed above, 30,000 – 35,000 cars a day drive to, from or through Edmonds along Highway 99. Capturing drive-through traffic is difficult for many businesses, easier for others. Grocers and restaurants other retailers work to be on the "right" side of the street. That generically refers to grocers' desires to be on the side of the street where heaviest traffic goes home in the evening after work, when they have more leisure time to stop and shop.

Along Highway 99 in Edmonds, approximately 60% of the traffic travels south in the morning and north in the evenings. By that measure, grocers and many retailers would somewhat prefer to be on the eastern side of Highway 99 to capture the heavier northbound traffic in the evenings.

However, traffic volumes are heavy in both directions on Highway 99, so the west side of the highway does not appear to present too much of a disadvantage. Some retailers considering sites on the west side may value the best left-turn access as possible to allow northbound traffic to in and out of their site as easy as possible.

Enhancement Report Build-Out Scenario

The Enhancement Report shows 1.2 million s.f. of land (28 acres) spread among nine sites (29 parcels in all) devoted to potential new retail development. Retail development includes the following scenarios by node, in the Hospital Community and Family Retail Center, the International District, the Residential Area Retail Center and the Hotels Area Improvement:

- In the Hospital Community and Family Retail Center, retail development shown includes roughly half of a large parcel just north of Top Foods (including an estimated 105,000 s.f. devoted to potential new retail) and an undeveloped parcel between the Top Foods parking lot and Highway 99 (34,200 s.f.). Total land area devoted to potential new retail development in this node totals 139,200 s.f.

- In the International District, the scenario includes three sites for retail development. One site includes the northern portion of the parking lot currently serving Ranch 99 (estimated to include 42,000 s.f. devoted to new retail). The second site is across the Ranch 99 parking lot to the south, on a 40,474 s.f. parcel. The third site in this node is located in the southwest quadrant of the corner of 230th Street and Highway 99. At this site is a 110,445 s.f. parcel, of which approximately 63,000 s.f. of land appears to be devoted to potential new retail. A total of 145,500 s.f. of land appears to be devoted to potential new retail development in this scenario, including areas adjacent to parking that might serve new development in addition to existing uses.

- In the Residential Area Retail Center, two retail sites and two mixed-use sites that include retail combine to provide more than 200,000 s.f. of land devoted to new retail development, including some land that serves residential uses as well. From north to south (Exhibit reference), the sites are configured as follows:

    - The first site is mixed-use, shown to be horizontal mixed-use that actually includes two separate parcels. The parcel with retail as shown is 53,704 s.f.
    - Adjacent to the south is a more integrated, vertical mixed-use development. The parcel is 57,873 s.f. in area. For this analysis, a total of 20,000 s.f. of built space would be devoted to retail.
    - Across Highway 99, in the northwest quadrant of the intersection of 234th Street, three parcels would be combined in one site, totaling 66,600 s.f. of land devoted to new retail.
    - In the southwest quadrant of the 234th Street intersection, four parcels combine for one site, totaling 61,700 s.f. of existing land for potential retail.

- In the Hotels Area Improvement, several retail developments are shown clustering around the 240th Street intersection, in conjunction with two hotels as represented in the report. In the northwest corner of this intersection, four parcels combine for 96,000 s.f. of land. In the northeast corner, four parcels total 74,900 s.f. The southwest corner would provide 25,600 s.f. of land on two parcels. And in the southeast corner, currently occupied by the Burlington Coat Factory, a restaurant/bar and a gift shop, 242,300 of land would facilitate additional retail and a new hotel. (The hotels are discussed separately in a following section.)

Each of these areas provide opportunities to combine parcels and develop new retail presences. As shown above, most of the parcels identified for potential new development in the Enhancement Report would be considered "redevelopable" based on the assessed value of the improvements made to the land, compared to the assessed value of the land itself. This retail assessment does not consider these parcels individually in such a way as to scrutinize whether existing buildings would merit demolition for new construction. Rather, the analysis relies more on growth foreseeable in retail demand along the corridor.

Retail Activity Suggested by Enhancement Report

As discussed above, the Enhancement Report shows 1.2 million s.f. of land devoted to potential new retail. One way to understand the retail potential for this land is to estimate potential amounts of retail building space and retail sales that could go on the land, and then describe that growth in terms of trade capture and market demand.

An important assumption leading into this analysis is the type of retail potentially suited for the corridor. The Enhancement Report shows a range of smaller to medium sized building spaces, in which a variety of retailers and restaurants might locate. It includes things such as restaurants, department stores, clothing stores, drug stores, boutique and specialty retailers.

Floor-to-area ratios (FARs) provide a means to convert land area devoted to retail in the Enhancement Report to projected retail building space. As discussed in the housing section, land

values in the corridor do not appear to support structured parking, so this analysis assumes surface parking will compete with building space for land.

Snohomish County assessors data suggest that average FARs for retailers in the corridor, excluding auto dealerships) range from 0.15 to 0.30 – very typical FARs for suburban commercial areas. Overall, if the redevelopable retail parcels shown in the Enhancement Report were developed similarly, then the retail development would total 181,500 s.f. to 363,100 s.f.

For new development to occur, developers must know of or believe tenants are willing to pay enough rent to provide a return on development. Such tenants would generate retail sales of $300 to $425 per s.f. According to the Urban Land Institute, sales of approximately $280 per s.f. is the 2003 average for community centers in the West, and $415 per s.f. marks the upper ten percent of sales among these centers. Therefore, successful implementation of the retail represented by the Enhancement Report would include increased retail sales in the corridor of $54.5 million to $154.3 million per year.

Assuming no new major grocers would be included in this growth, then most of the sales would be taxable retail (90% or so), amounting to an increase of taxable retail sales of $49.0 million to $138.0 million in the City – an annual increase 17% to 47% over the City's 2003 taxable retail sales of $293 million from all retailers. The midpoint of that range, $94.0 million would represent a 32% increase.

Considering the trade area of the Edmonds, Shoreline and Mountlake Terrace combined, in 2003 the 112,690 residents in those cities spent an average of $4,052 per person on taxable retail sales at retailers that exclude auto dealerships and grocers. In today's market, the increased growth of retail along the Highway 99 corridor would represent an increase in market share of 11% to 30%. The lower end of that range seems easily achievable, but the higher end would seem a bit optimistic in the immediate future.

Current Conditions and Short-term Outlook for Retail

The Edmonds retail market is grouped into the Lynnwood and Mountlake Terrace retail markets for reporting purposes by the region's real estate brokers and their research departments. Rents in this area currently average just more than $16 per s.f., as shown in Exhibit 23.

The rental prices are lower than found in Seattle and many areas on the Eastside, but match other commercial areas where strip commercial centers are prevalent, such as Totem Lake in Kirkland ($16.36), Renton and Tukwila ($14.64), and Overlake area in Bellevue ($18.33). Rents in Edmonds along Highway 99 are slightly lower than the average for the Lynnwood/Mountlake Terrace area. New construction could draw slightly higher rents. Vacancies in the area are rather low – much lower than many areas shown in Exhibit 20.

Rents of $15 per s.f. would generally support new retail development with surface parking at land costs of roughly $15 per s.f., the average land value along Highway 99 in Edmonds. Recent net increases in vacant space may challenge development of new retail, but generally the market would appear to support retail in the corridor at land prices. Vacant parcels and underperforming

retail establishments in the corridor would suggest that local factors deter development in spite of strong demographics and available and affordable land in Edmonds.

Exhibit 23:
Retail Market Area Indicators, 2004 Q1

Submarket Leasable	Gross Area (sf)	Vacancy w/ Sublease	Net Absorption	Under Construction	Average Triple-Net Rent Rate
Downtown CBD	3,097,735	3.69%	3,618		$41.04
Northend	**9,349,739**	**4.43%**	**-6,603**	**303,500**	**$15.86**
Everett/Snohomish County	3,215,346	8.07%			$14.07
Lynnwood/Mountlake Terrace	***2,468,523***	***2.07%***			***$16.21***
Northgate/North Seattle	3,665,870	2.82%			$20.34
Southend	**10,005,841**	**3.12%**	**121,996**	**185,000**	**$15.04**
Federal Way	2,504,431	6.46%			$19.30
Kent/Auburn	3,006,334	1.85%			$12.82
Renton/Tukwila	3,391,756	1.22%			$14.64
SeaTac	374,173	2.31%			$22.58
South/West Seattle	729,147	6.18%			$13.26
Bellevue/Eastside	**11,281,985**	**4.19%**	**133,322**	**413,400**	**$19.57**
520/Overlake	994,072	0.75%			$18.33
Bellevue CBD	1,819,213	1.54%			$22.05
Bellevue Suburban	1,172,886	12.75%			$20.85
Bothell/Woodinville	1,795,420	0.87%			$20.23
I-90 Corridor	2,697,763	3.95%			$18.80
Kirkland/Totem Lake	920,217	8.58%			$16.36
Redmond/Willows	1,882,414	4.58%			$21.55
Tacoma	**7,207,671**	**3.99%**	**-28,421**	**237,486**	**$13.64**
Tacoma CBD	174,950	47.90%			$12.19
Tacoma/Suburban/Pierce County	7,032,721	2.90%			$14.07
Regional Totals	**40,942,971**	**3.91%**	**223,912**	**1,139,386**	**$18.24**

Sources: Costar, OfficeSpace.com, Commercial Brokerage Association, and CB Richard Ellis brokers.

Long-term Demand for Retail Development

One way to look at the long-term viability for additional retail space is to look at the trade capture area of the Highway 99 corridor and examine the potential for increased retail activity in that context. If we consider the Highway 99 corridor retailers as a group, then there are really only three sources of increased sales along the corridor (not mutually exclusive):

(1) Attract increased market share from within existing trade area
(2) Benefit from population growth within trade area
(3) Expand trade area geographically

Attract increased market share from within existing trade area.
The leakage analysis shown in conjunction with Exhibit 21 would suggest that Highway 99 business could conceivably capture increased sales from the existing customer base in Edmonds and Mountlake Terrace (as well as Shoreline and Lynnwood and other areas). The people living nearby spend enough to support much more retail, but currently they are spending it elsewhere (Lynnwood, Seattle, Woodinville and other retail centers).

Benefit from population growth within trade area

As the surrounding areas grow in population, increased demand for retail will make retail development in Edmonds and up and down Highway 99 more attractive to developers. Within five years, for example, a growth rate of 1.0% per year, would result in an increase of $23.3 million per year in taxable retail sales among these kinds of retailers. Over a 20-year horizon, the annual taxable sales will increase by more than $100 million per year.

Edmonds currently captures the equivalent of 23% of retail spending in the three cities combined (still excluding autos and groceries). If Edmonds were to maintain that market share, then the retail space in the Enhancement Report would equate to many years of absorption. The City need not look at the PSRC's relatively low population growth rate as a deterrent to fostering more retail development. The City's relatively low taxable retail sales per capita in Edmonds and the consumer buying power of nearby households suggests that an increase in the City's share of

Asian Markets

The BooHan Oriental Market, Ranch 99 and the Brentwood Plaza include many Asian-owned businesses whose success is evident. These businesses have created success that the Enhancement Report picks up on and celebrates through the creation of a gateway and advancing the identity. Uwajimaya Village in Seattle and the Great Wall Mall (also home to a 99 Ranch Market) provide two examples where Asian markets have succeeded well in the Puget Sound region.

Uwajimaya Village and Seattle's International District

Uwajimaya Village opened in 2001 and is viewed as the heart of the City of Seattle's International District. The Asian market grew from their original space of 36,000 s.f. which housed delicatessen, kitchenware, gift, book and record shops, to a new superstore space of 60,000 s.f. and 176 units of market-rate housing above the store. In 2001-2002, occupancy was below the originally planned occupancy rate. Partner tenants include Kinokunia Bookstore, Sanrio, Sake World, and a cooking school. The store is adjacent to the downtown Seattle transit hub.

Kent's Great Wall Mall

The Great Wall Mall in Kent is the largest full-service Asian mall in the Greater Seattle area. The owners of the mall have designed the mall to capture the fast-growing Asian population. The mall is located on nine acres with 100,000 s.f. of space and 400 parking spaces. The 99 Ranch Market is an anchor tenant. A recent review of ethnic retailing by the Urban Land Institute (February 2003) suggests that developers have gained market share in unexploited markets including the Puget Sound, and that ethnically-focused retail development is a phenomenon that lasts for a single generation, but takes advantage of an immigrant boom occurring now. The City of Kent has been considering how to market Kent as an international City, as half of their manufacturing businesses do business overseas. Efforts to encourage ethnic business to locate in Kent include highlighting the Great Wall Mall as a success story, providing permit information in multiple languages, and fostering a strong sister city program.

area retail expenditures ought to be feasible. The site-specific issues would therefore appear to be the primary constraint on retail development, not market demand.

Expand trade area geographically

The market reach of retailers along Highway 99 in Edmonds reaches its limits closer to Alderwood Mall to the north and Northgate Mall to the south. To the east, the down sloping hillside in Lake Forest Park marks another boundary, where shoppers then would travel an equal distance to Woodinville, Lynnwood or Northgate for more shopping alternatives.

Franchise Opportunities

The American standards of Subway, Dunkin' Donuts, McDonalds and TCBY remain leading franchise opportunities for fast-food restaurant franchises, according to the Franchise Prospector, a franchise industry association (Exhibit 24). Other top fast-food franchise opportunities, not known as well in the Northwest, include Moe's Southwest Grille, D'Angelo Sandwich Shops and others.

Exhibit 24: Top 10 Fast Food Franchises

Rank	Franchise Business	Type
1	Subway	Submarine sandwiches & salads
2	Moe's Southwest Grille	Fresh-Mex quick service restaurant
3	McDonalds	Hamburgers, chicken, salads
4	Rita's Italian Ice	Italian ice, frozen custard, gelatin & soft pretzels
5	Dunkin Donuts	Donuts and baked goods
6	Golden Krust Caribbean Bakery and Grill	Caribbean-style bakery restaurant
7	D'Angelo Sandwich Shops	Sandwiches, soups and salads
8	Obee's Soup Salad Subs	Quick-serve restaurant serving subs, soups, salads, and more
9	TCBY Systems	Frozen yogurt, ice cream, sorbet and smoothies
10	Papaya King	Hot Dogs and Tropical fruit drinks

Source: http://www.franchiseprospector.com/top-fast-food-franchises.php (posted 8/3/04).

Many retailers and restaurants are not franchises and would be attracted to Edmonds as well. Starbucks for example, not a franchise, has two locations in Edmonds. Starbucks' newer stores along highways have included drive through services and larger cafes than the one in Edmonds located on Highway 99. Starbucks and other coffee drive-thrus would find the corridor attractive given the right site and access.

Synthesis of Retail Opportunity

The demographics most retailers seek in location are strong in Edmonds and along the Highway 99 corridor. Dense, growing population exists close-in and within a short drive. Highway 99 itself is a heavily traveled roadway with development and redevelopment opportunities along both sides of the highway.

Each development site presents its own opportunities and challenges, though overall the highest ranking obstacles would include crossing the highway, turning left and pedestrian access. Development sites are relatively smaller in most instances, too small to accommodate traditional big-box retail with surface parking. Only the Burlington Coat Factory presents a site large enough for major redevelopment.

As shown above, many people drive through the Highway 99 corridor in Edmonds, coming from areas between North Seattle and unincorporated areas north of Lynnwood. People with higher incomes live nearby, especially to the west, and Asian businesses appear to succeed along the corridor, most certainly catering to the many Asian residents in the surrounding areas. The market fundamentals -- rental prices and land prices – would appear to support more retail activity than exists in Edmonds.

Capturing more of the retail market would mean providing retail opportunities that offer alternatives to driving north to Alderwood Mall or south of the Northgate Mall. Family-oriented restaurants, boutique retail (bookstores, clothing, specialty shops) all might qualify as retail suitable for such a role – as well as capturing more of the existing trade areas. Building on the concentration and momentum of Asian businesses sounds like an excellent strategy as well.

The Enhancement Report identifies areas of improvement that could attract retailers, including improving traffic access, pedestrian access and creating more identity in the area. Such investments can indeed make the difference to developers considering locations with otherwise similar characteristics, such as those found nearby in Lynnwood.

Office

The Enhancement Report includes very little office space in the development scenarios. The report shows three small potential buildings in the International District at the 228th Street intersection. Combined, the three buildings shown would only total roughly 30,000 s.f.

Current Conditions and Outlook for Office Space

The Puget Sound office market has remained flat with a vacancy rate between 16.0%-17.0% regionwide. There are few economic drivers of job growth, little construction of new space, and activity limited to renewals and lateral moves. For Snohomish County during the last six months, 3.5 million s.f. of rentable office area was available, and 20.46% of that space was vacant (an increase of 0.32%), with negative absorption (-11,254 s.f.). Leasing agents and property managers expect the market for office space to remain flat over the next year and for tenants to continue to upgrade facilities.

Along the Highway 99 corridor, most office uses are scattered throughout, connected to retail areas or related to medical facilities (local clinics and Stevens Hospital). Near the hospital, more than 500,000 s.f. of office space serves medical practices. Offices around the hospital appear to be doing very well. While office space is not a large focus of the Enhancement Report, the market for smaller office space accommodating medical practices will likely continue to be strong.

Traditional office park development would be less likely along the Highway 99 corridor. Such development requires large sites with ample parking, and the market for office along Highway 99 in Edmonds is more along the lines of doctors and professional services offices in the Steven Hospital Area.

Lodging

Lodging along the Highway 99 corridor includes several inexpensive motels. The Travelodge is the only mid-quality, national franchise along the Edmonds segment of Highway 99. The nearest nationally recognized hotels are in Lynnwood, Mountlake Terrace along Highway 99 and along S.R. 104 in Edmonds, as shown in Exhibit 25.

Regionwide, the natural occupancy rate for hotels is between 65% and 70%. When occupancy rates tend toward the upper end of that range, national hotel developers add projects at attractive sites. Successful, independent hotels in areas such as Highway 99 in Edmonds are rare (more commonly found in vacation destination areas).

The area chosen for hotel development in the Enhancement Report does offer site advantages, including the following market indicators:

- Potentially great visibility to S.R. 104, which is a route to the ferries and hotels near ferry terminals offer lodging choices to travelers catching late-night ferries en route to distant destinations.
- Access to I-5, which would include the opportunity to advertise on I-5. Advertising on billboards further away on I-5 and listing on the State's hotels and lodging signs at the SR 104 exits.

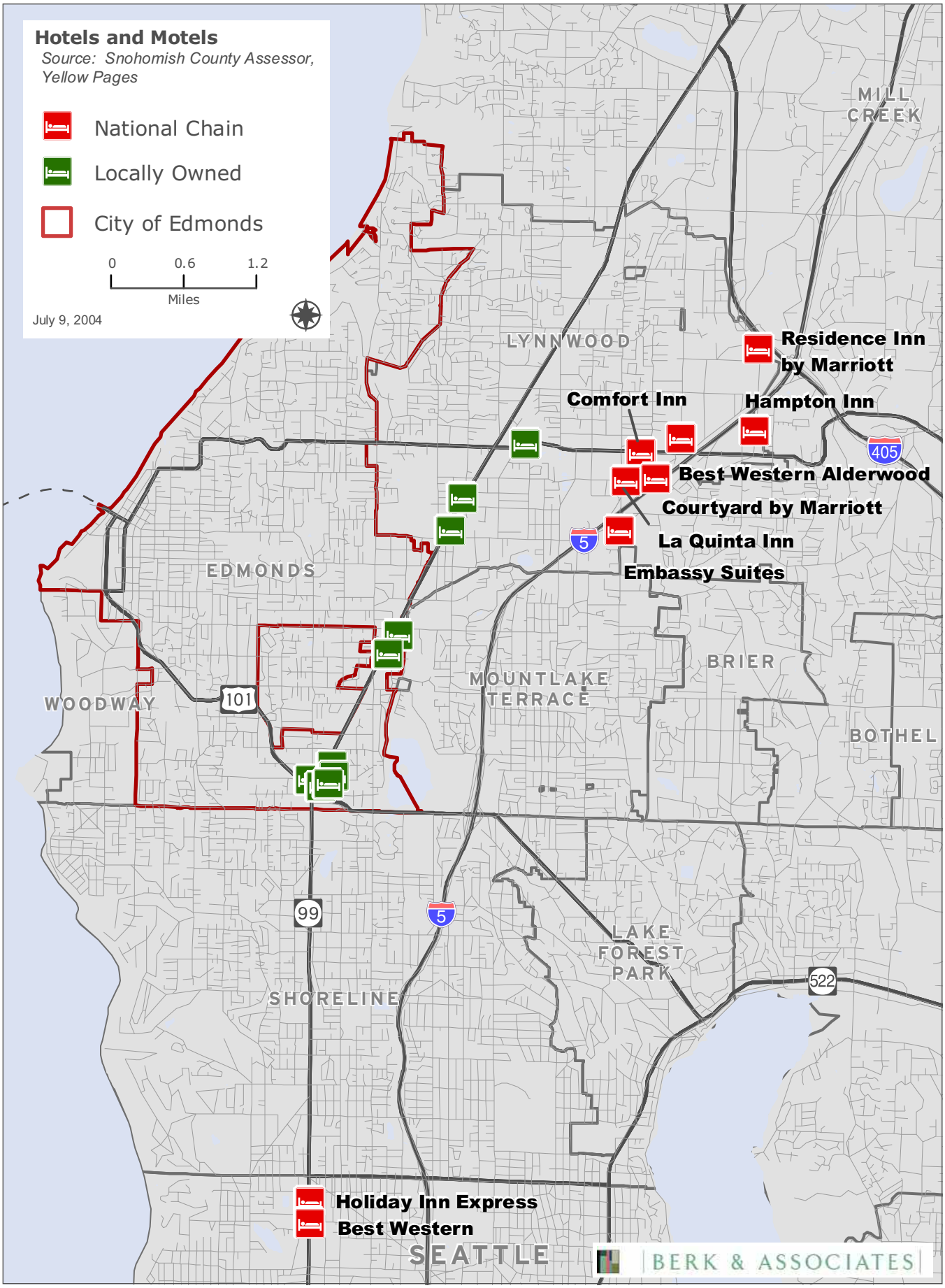
The site may offer enough advantages to attract the attention of national hotel chains when the lodging market picks up.

A challenge with the site chosen for hotel development south of 240th Street would be competing for land space with retail development. The drawings shown for the Hotels Area Improvement suggest the need for structured parking, to fit all of the retail, housing and lodging shown on the site. As stated earlier, land values indicate that structured parking is highly unlikely in the near to mid future. The site north of 240th Street may be more suitable for surface parking, depending on site configuration.

Fiscal implications of a hotel depend nearly entirely on its success. Dollar-per-dollar, the City gets 2.0% for hotel-motel revenues because of its hotel tax, otherwise it would get the same 0.85% from retail sales tax. Because of the higher tax rate, a moderately successful hotel would provide more revenue than a moderately successful retailer.

The Burlington Coat Factory site, however, is the best site on the corridor for larger-scale retail development. The site presents the best opportunity to attract high-volume retailers, either in the form of a big-box retailer or a vibrant commercial center (such as Oak Tree). The sites proximity to Shoreline's successful center and access to S.R. 104 would be attractive to retailers, just as it would be to hotels.

Exhibit 25: Existing Hotels



COMPARATIVE ASSESSMENT: HOW OTHER AREAS COMPETE WITH EDMONDS

Businesses considering locating in Edmonds along Highway 99 would likely also evaluate development opportunities in Lynnwood and in Shoreline. The top-ranking criteria for businesses would include the market factors outlined at the beginning of this report: demographics, development regulations and site access and characteristics.

As shown above in Exhibit 8, the highest density areas nearest to Edmonds are concentrated to the south in Seattle and to the north in Lynnwood. This presents an important demographic challenge for Edmonds to overcome in attracting businesses like fast food restaurants that rely on population density as a location criterion. Competing locations in Shoreline and Lynnwood are both closer to the more heavily populated areas of Seattle and Lynnwood.

The amount of vacant land in Lynnwood, will in essence compete for new retail development with land in Edmonds. South of 200th Street in Lynnwood, 25 parcels are vacant, totaling 654,500 s.f. (15 acres). Presently, many of those parcels have similar market factors as Highway 99 parcels in Edmonds, such as similar site characteristics (parcel sizes, no slopes, apparently simple clearing needs), adjacent businesses and similar access and traffic issues.

The strategies presented in the Enhancement Report would allow the Edmonds portion of Highway 99 to differentiate itself from other cities. Creating a clear sense of identity, improving traffic circulation and establishing distinguishable nodes of activity would create strong centers. The Asian businesses and the concept of an international market area may be one common area of interest to focus on for collaboration.

Development Regulations

Development regulations typically exist for a city to ensure the design and appearance of new development meet the expectations of its citizens. Height limits, building set-backs, surface coverage and street frontage requirements all affect building design. The current regulations along Highway 99 for Edmonds, Shoreline and Lynnwood, shown in Exhibit 26, affect the way developers and the City collaborate on new development. Regulations in Edmonds are flexible and compare favorably with Shoreline and Lynnwood. The regulations do not appear to constrain development in Edmonds.

Exhibit 26:
Current Development Regulations along Highway 99
in Edmonds, Shoreline and Lynnwood

	Height Limits	Setback Requirements	Maximum Impervious Surfaces	Street Frontage
Edmonds	35′ – 80′	15′ front, 0′ rear	None	No street frontage requirement.
Shoreline	65′	10′ front, 20′ rear	90%	At least 50% of street frontage occupied by buildings; no more than 65′ of parking along front
Lynnwood	None	15′ front, 0 rear	35%	No street frontage requirement.

Source: City of Edmonds, City of Shoreline, City of Lynnwood

Plans and Investments

Shoreline

The City of Shoreline completed an Economic Development Strategic Plan in 2001 focusing primarily on the City's three-mile span of Highway 99, which assumed that the City's best opportunities for financial growth are in retail sales, meaning better utilization of existing commercial property and strategic Capital Improvement Plan (CIP) investments. The Plan was prompted by the City in recognition of the need for parcel assembly and the fact that most residents have jobs outside the City. Safety and transit demands led to the Aurora Corridor Project, which will redesign and redevelop Shoreline's Highway 99 corridor.

The City created a Business Improvement District along the Highway 99 corridor and focused specific CIP investments in the corridor with the hope of improving redevelopment potential, including widening the corridor for a bus-only lane between 145th and 165th, streetscapes, sidewalks and underground utilities for the area between 175th and 15th, and completion of the Interurban Trail which runs parallel to Highway 99 in the City's right-of-way from 155th northward.

Lynnwood

The City of Lynnwood is conducting a citywide economic development strategy (also led by Berk & Associates). The City recognizes Highway 99 as an important commercial center with opportunities. As such, the City will likely focus redevelopment efforts along Highway 99 as well.

Lynnwood does not depend on the Highway 99 corridor in the same way Shoreline does, and much of the City's interests and efforts are concentrated around Alderwood Mall and the developing Lynnwood City Center Plan. The Edmonds and Lynnwood portions of Highway 99 are virtually seamless, however, so Lynnwood competes somewhat more directly with Edmonds for businesses considering locating along Highway 99.

PROPOSED BR ZONE

The proposed mixed-use zone at the north end of the Highway 99 corridor provides policies to encourage commercial and residential development between Highway 99 and residential areas and public facilities west of 76th Avenue west.

The allowed broad range of uses would add to the vitality of the area, complementing the professional office and medical uses in the area. This area could become an important destination and vibrant neighborhood, creating an activity node that would benefit the entire Highway 99 corridor in Edmonds.

Specific policies in the proposed BR zone that particularly affect development patterns include the following:

- The height-limits proposed in the BR zone appear reasonable, conditionally allowing 80-feet heights for areas not adjacent to residential areas. The 80-feet limit allows builders to maximize revenue from wood-frame construction, typically resulting in five or six story structures, including a ground-floor concrete foundation.
- No density limitations provide flexibility.
- The City's parking space requirements are well conceived and generally meet financiers' typical requirements.
- Allowing commercial parking lots will help the area transition to higher density. In the future, land values will likely support structure parking, allowing commercial parking areas to turn over to mixed-use structures with parking.

This area has a few vacant parcels and redevelopment opportunities. Stevens Hospital has reportedly grown as much as it plans to grow and most of the area is relatively built out. Parcel bundling would allow more flexible redevelopment and increase the area's redevelopment potential.

Streetscape improvements and pedestrian connections could enhance this neighborhood and give it a cohesive feel. The area is set off far enough from Highway 99 to have its own identity. A mix of residential and commercial development would synergistically fit within this neighborhood, coordinate well with the professional services.

From a market perspective, professional office demand is high and residential developers and retailers would find the health care and office activity attractive. Transit connections add to the vibrancy of the area and would support residential development.

FISCAL ASSESSMENT

Improving the City's fiscal revenues was a primary purpose for this study. For Edmonds, as for most cities, the three most important sources of revenues are (1) retail sales taxes, (2) property taxes and (3) utility taxes. Combined, these three sources provided nearly three-fourths % of general fund revenues for Edmonds (Exhibit 27).

Exhibit 27:
City of Edmonds General Fund Revenue Summary

General Fund	2003 (Projected)	% of Total GF	2004 (Adopted)	% of Total GF
Taxes				
Property Tax	9,362,767	40%	10,263,442	39%
Sales Tax	4,337,452	18%	4,950,000	19%
Utility Tax	3,129,689	13%	3,742,545	14%
Total Property, Sales and Utility Tax	**16,829,908**	**71%**	**18,955,987**	**73%**
Other Taxes	251,742	1%	258,300	1%
Total Taxes	17,081,650	72%	19,214,287	74%
Total Other G.F. Sources	6,542,932	28%	6,852,568	26%
Total General Fund	**23,624,582**	**100%**	**26,066,855**	**100%**

Source: City of Edmonds 2004 Budget

The City gets 20.3 cents for every dollar paid out by local residents for property taxes. New construction along Highway 99 would add directly to the City's property tax base and would not be affected by property tax revenue limits imposed by Initiative 747. In this way, any new development would be a benefit to the City's property taxes. The highest valued construction, regardless of the land use (retail, housing or other), would provide the greatest fiscal benefits.

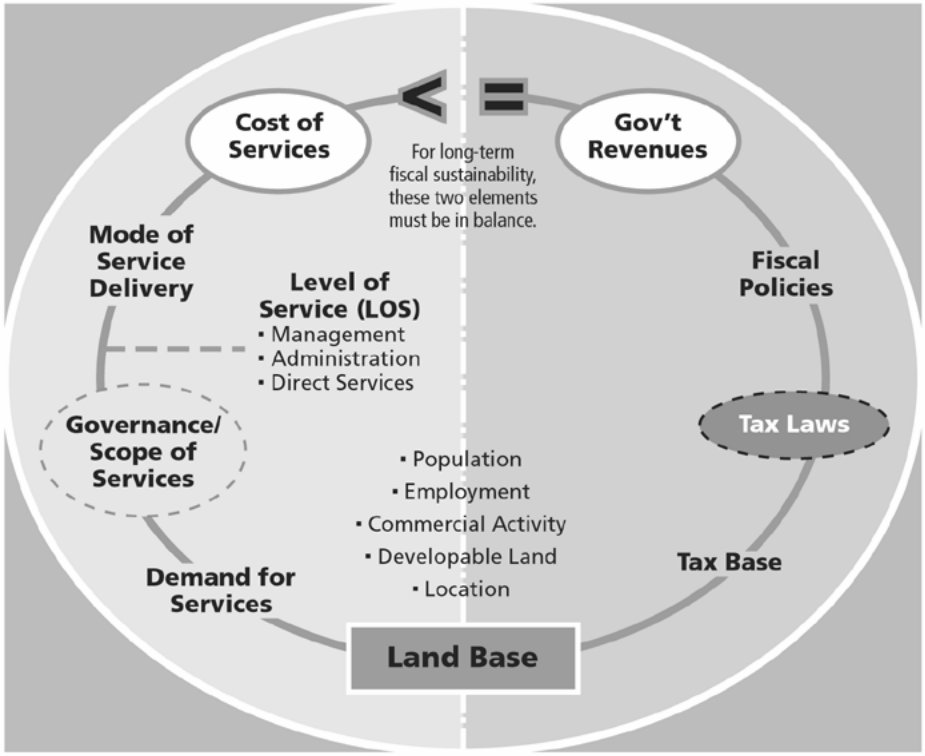
Retail sales tax for the City results in 0.85% of taxable retail sales to the City. The City also has a 2.0% hotel tax that replaces the sales tax otherwise affecting hotel revenues. The relative benefits of a hotel versus retail (and versus different types of retail) depend on the market success of each use, the primary focus of this report. The conclusion is that the best economic development actions for improving fiscal revenues are typically the economic development methods that maximize market opportunities and optimize community development.

Fiscal Balance

The key to understanding fiscal benefits associated with new development on Highway 99 and setting appropriate expectations is to understand how land development fits within a fiscal framework. Providing quality public services while achieving a balanced budget is a core, long-term sustainability challenge for most governments. Most governments in Washington are experiencing slower revenue growth than the general cost of living, requiring prioritization of services and a focused approach to maintaining or enhancing revenues.

A framework to illustrate this balance is shown in Exhibit 28. The exhibit shows how development in the corridor will affect a City's fiscal balance generally. Land base is primarily influenced and affected by the private sector, but governments can affect their jurisdiction's population or employment in some ways through economic development, zoning, and quality of life efforts.

Exhibit 28:
Municipal Fiscal Balance Framework



Source: Berk & Associates ©

This market assessment report focuses primarily on how private sector changes in the land base, translated through current tax laws and policies, will affect the City of Edmonds' revenues. As the City can make public investments and provide encouragement to the private sector to develop and redevelop the land base on Highway 99, it will be combining statutory authority and revenue capacity to optimize revenue. Another key issue for policy consideration will be the cost of services to the Highway 99 corridor as development occurs. Fiscal balance will degrade over time without attention to both sides of the equation.

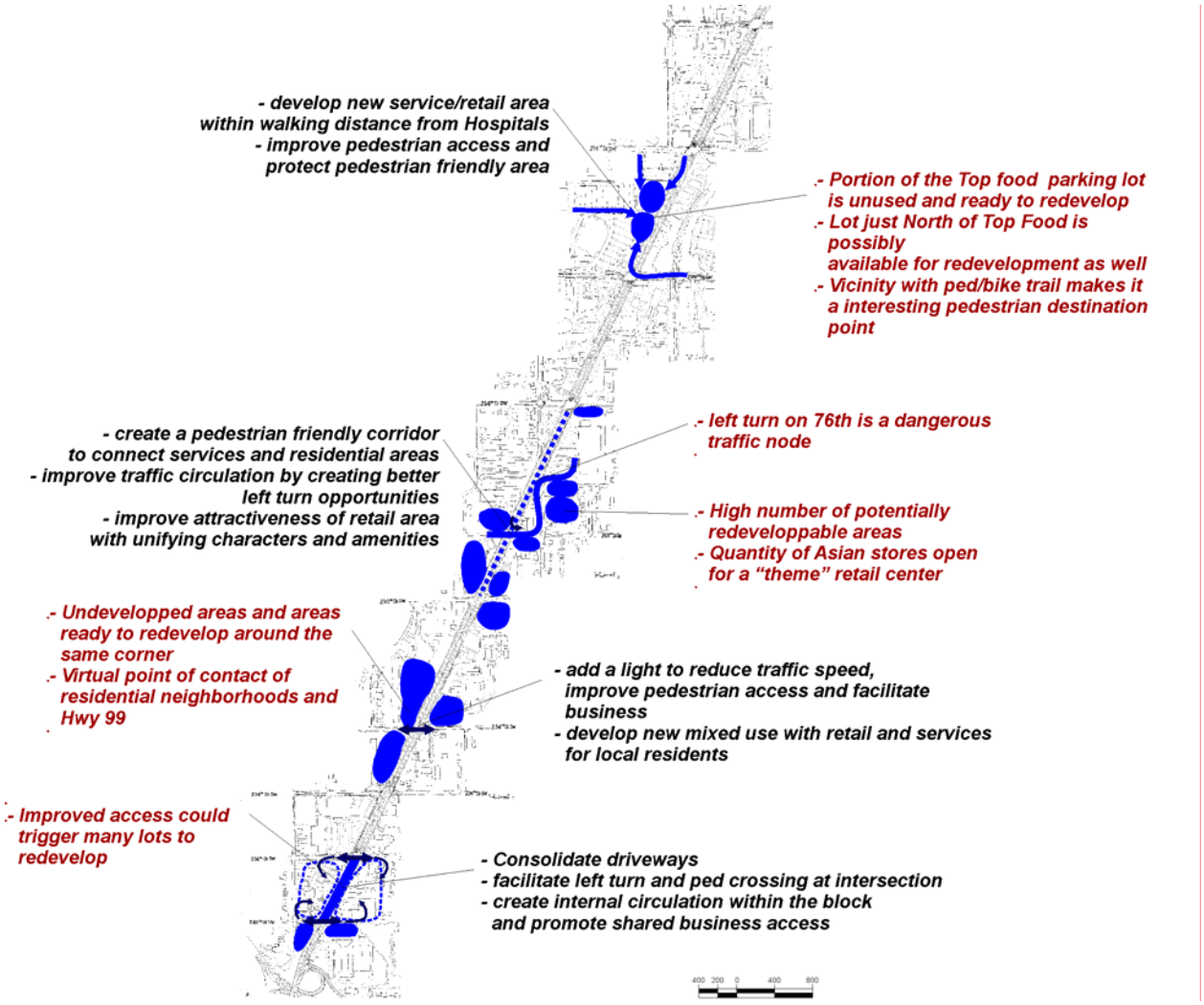
This report also seeks to identify, from a market perspective, the likelihood of private interest in development along the corridor. Longer-term, as specific public investments are identified that the City could make to improve the corridor, a more focused cost and opportunity cost analysis of proposed improvements would be warranted to more specifically estimate the fiscal impact of improvements in the context of revenue potential (effects on property tax, sales tax, utility tax and hotel-motel taxes) outlined in this report.

APPENDIX A: ENHANCEMENT REPORT DEVELOPMENT SCENARIOS

All the suggested intervention addresses these issues. In some case a more pedestrian oriented development opens new connection with surrounding business and residential environment, in some cases the improved access conditions opens to a better and new wave of development opportunities.

Key Objectives and Suggested Actions

Working with the local communities it was possible to identify a number of opportunities that would allow improvements in traffic, access and pedestrian connection; such improvements guarantee a better opportunity of redevelopment for several lots around and respond directly to the specific issues raised on the areas.



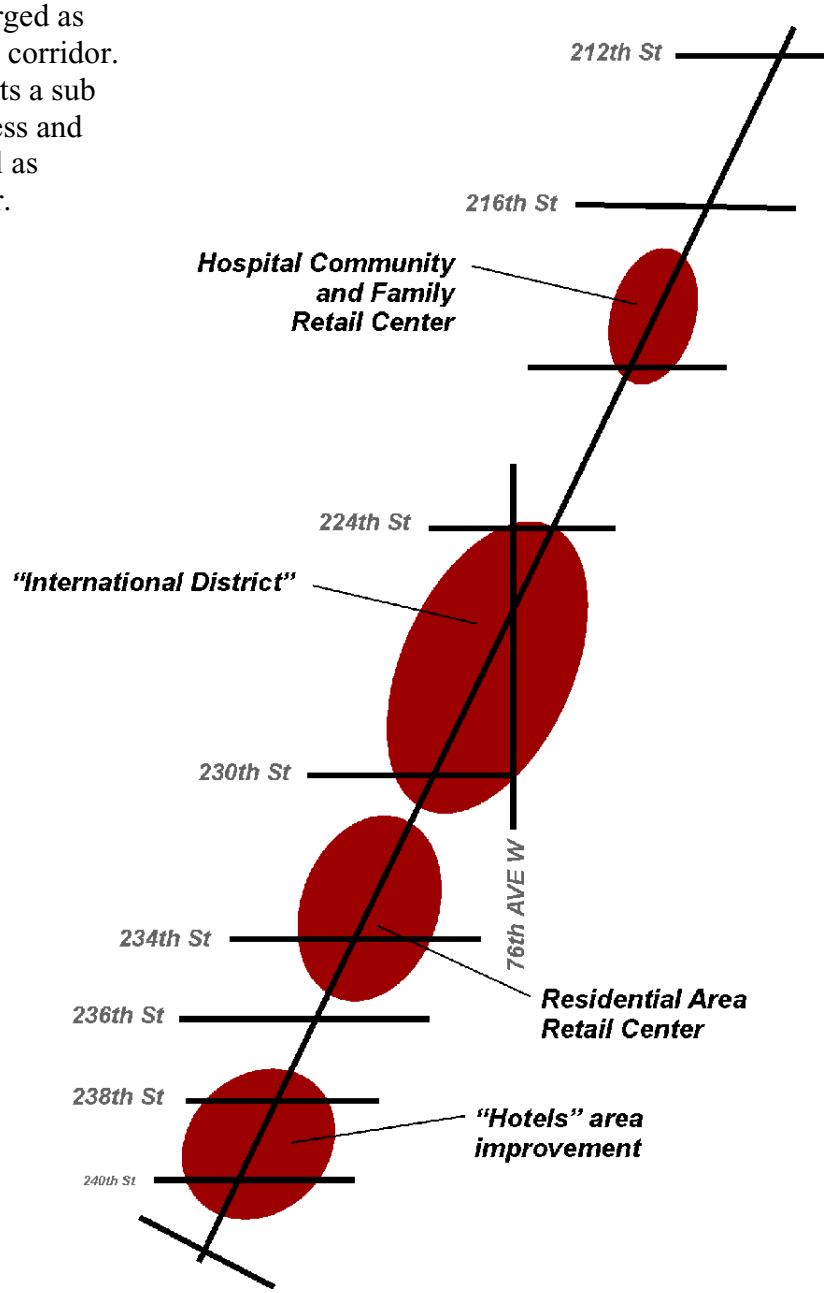
A summary of opportunities (in red) and improvement goals (in black). The planned improvements are organized in sub systems of developments, connected by use, access and area identity.

Focus Areas along the Corridor

Four themes and four areas emerged as particularly interesting along the corridor. Each one of these areas represents a sub system with specific traffic, access and pedestrian characteristics as well as development goals and character.

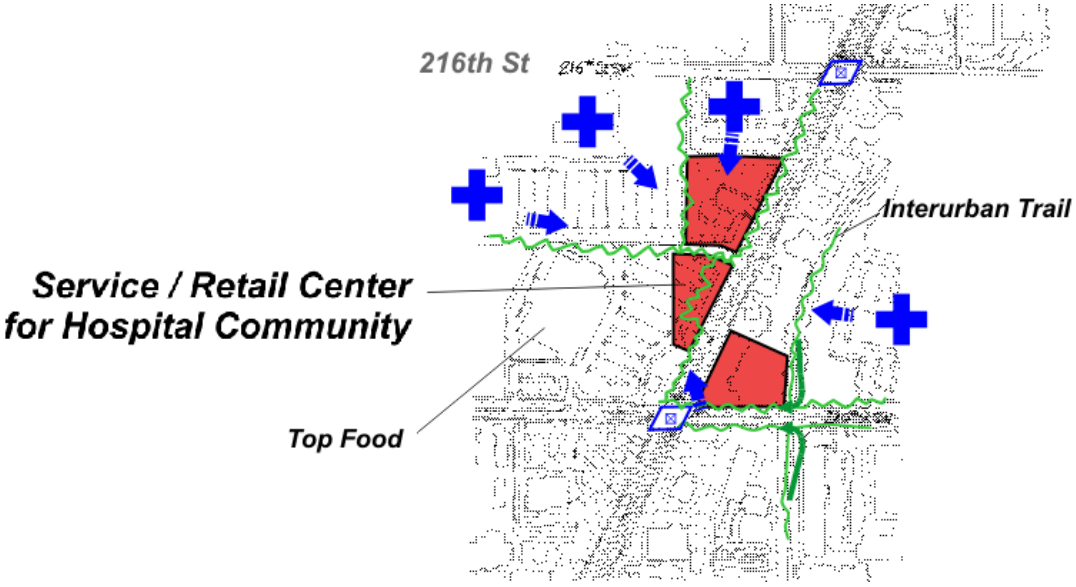
From the north to the south we recognize the following areas:

- The **Hospital Community and Family Retail Center;**
- The **"International District"** area;
- The **Residential Area Retail Center**;
- The **"Hotels" area improvement**



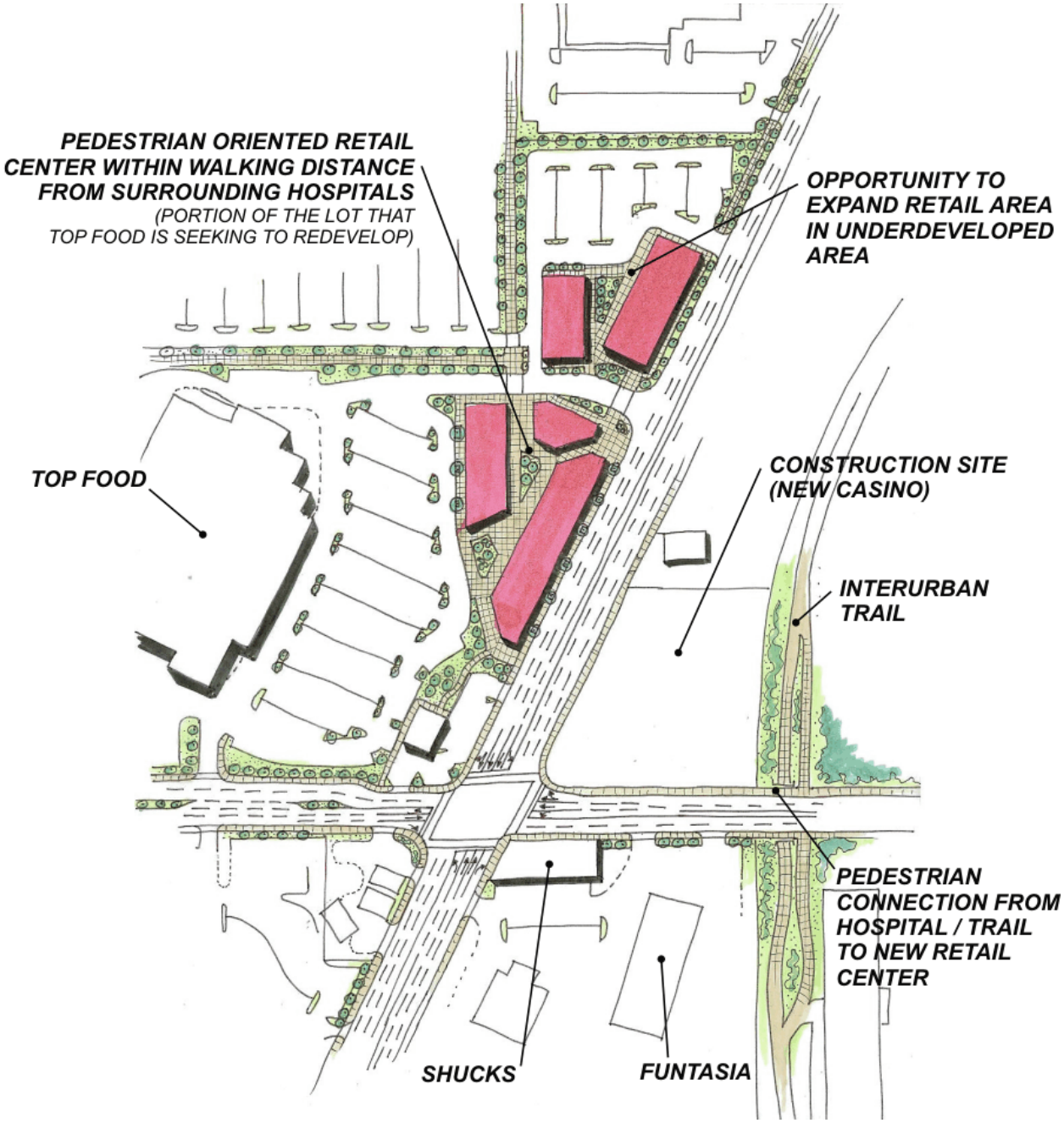
Design Objectives and Recommendations

Hospital Community and Family Retail Center



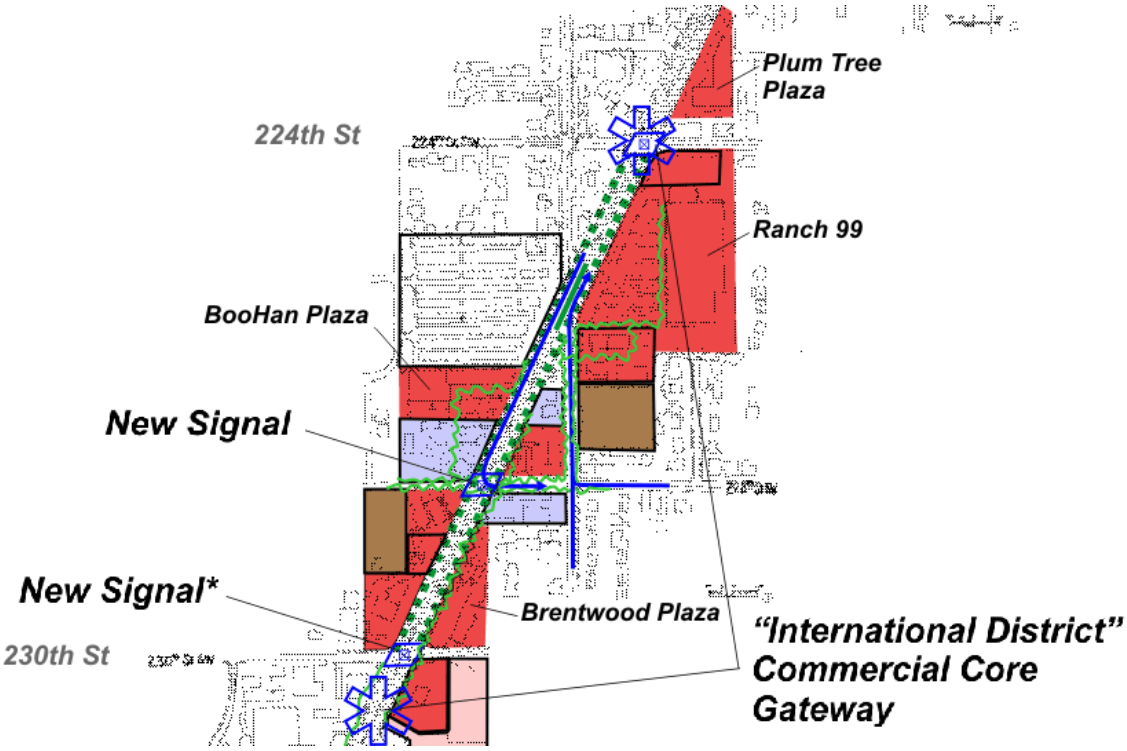
In this concept map it's easy to visualize how the new retail center would be positioned in a favorable position to the many hospital services in the area and it would be easily reachable from the Interurban trail.

To accentuate the pedestrian access to the new development new pedestrian paths are suggested even between the properties and not necessarily along the main roads.



This is one of the many possible development scenarios that would fit the goals expressed in the concept plan. The new plaza / pedestrian oriented retail center creates a protected pedestrian environment while maintaining good visibility and parking access.

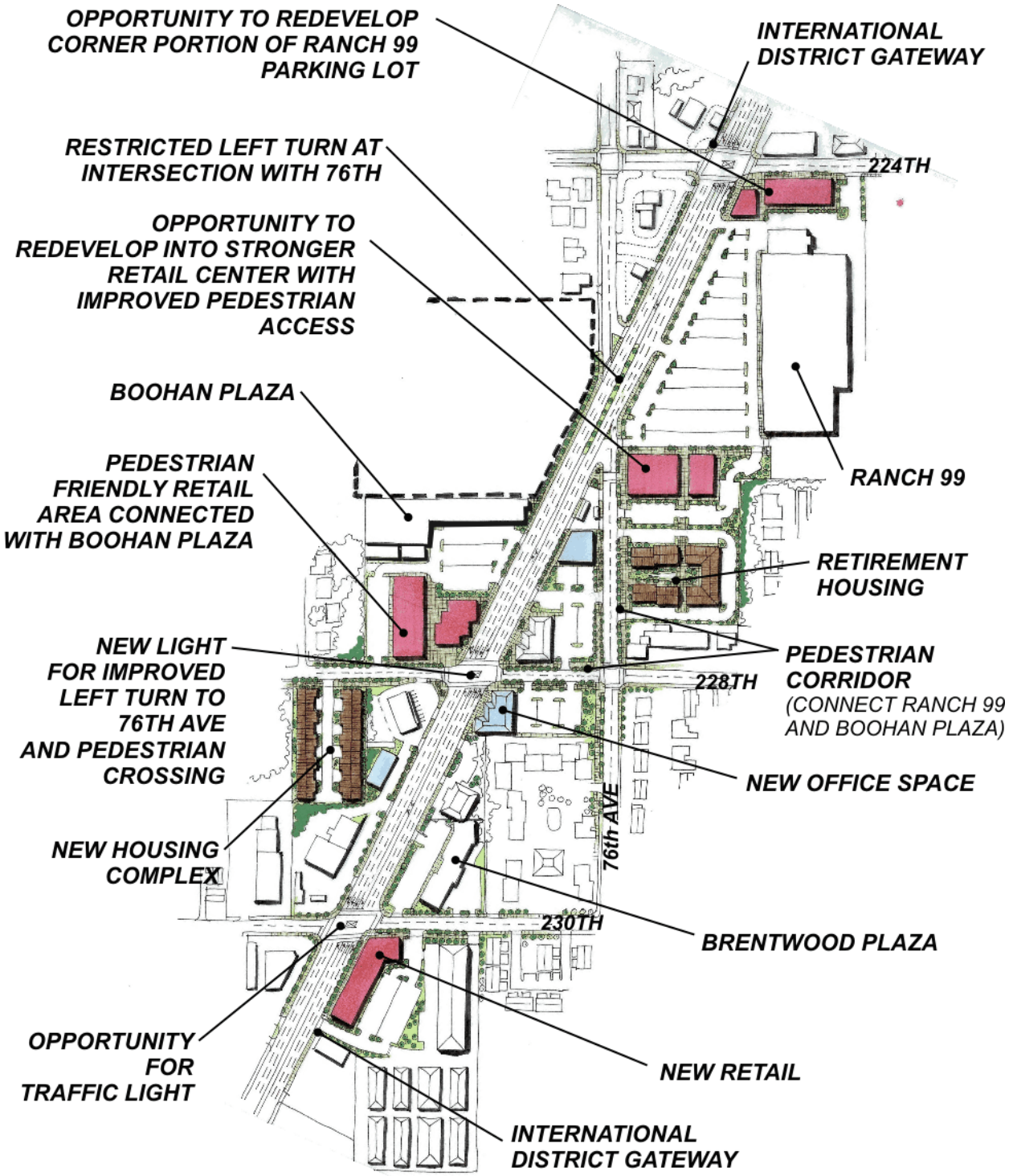
"International District"



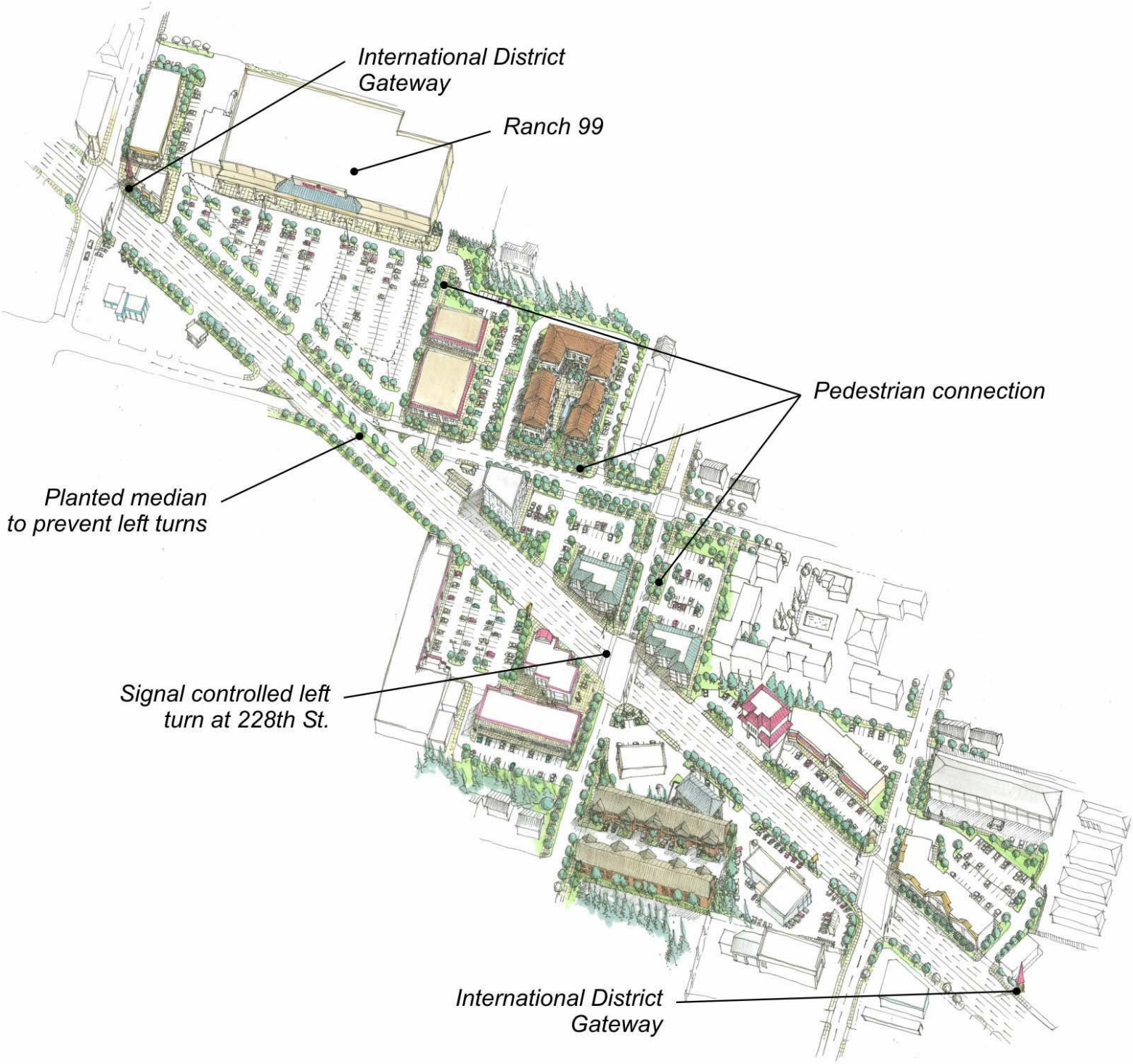
The idea of an "International District" is organized around the concepts of visibility and internal connection. The access to the "District" is marked by specific gateways and the many focus point of the area (and the new development in between) are connected with a strong pedestrian corridor.

Better access and pedestrian connection work together with an improved traffic circulation, routing the significant volume of traffic that normally turn left to 76th through the new signal at 228th.

A detail of the pedestrian corridor along 228th St. SW and 76th Ave



A development scenario of the "International District" concept. Traffic improvement (left turn at 228th) and pedestrian connection work together in this scheme of many new developments.



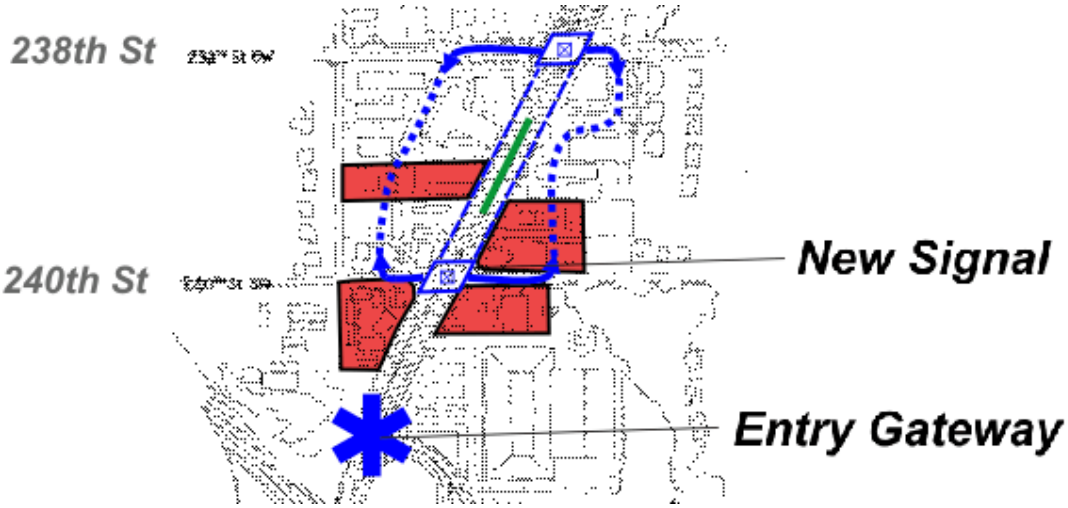
This 3d development scenario shows even better the pedestrian connection along 228th and 76th.

Residential Area Retail Center

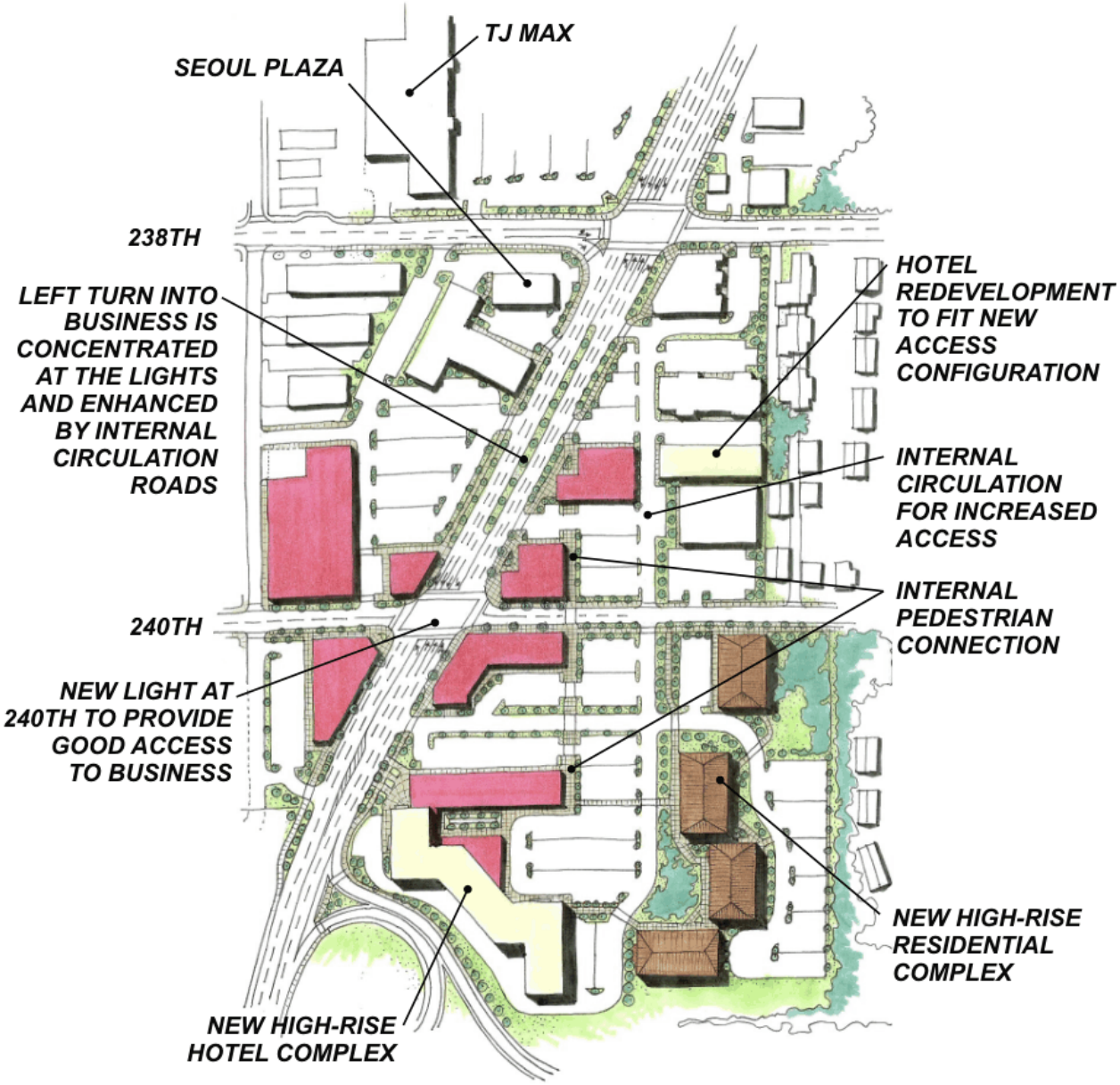
A new light at 234th should provide a more favorable condition for new retail and more pedestrian friendly connection to the local stores. The two undeveloped properties represent a good opportunity to explore mixed use development on Highway 99; this development should improve the neighborhood feel and reconnect the community and the local businesses.

In this development example new retail is created around the intersection with 234th. A solution of mixed use residential / commercial on the first floor is shown for the two undeveloped properties north of the intersection.

“Hotels” Area Improvement



The core concept of this area is the reorganization of the traffic access introducing a new light at 240th. While right-in / right-out access will still be granted, a shared access road combined with a secured left turn at the lights will implement access to all businesses. The new light at 240th opens to the possibility of redeveloping the “Burlington” area.



High rise Hotel and residential complex could surround new retail around the new intersection at 240th. Access and circulation to all the businesses is provided by new internal circulation roads.

APPENDIX B: DETAILED SUMMARY OF CONSUMER BUYING POWER

Exhibit B-1:
Dollars Spent by Households in Study Area by Zip Code, Ranked by Type of Expenditure (2002, '02 Dollars)

Description ZIP	Edmonds - W 98020	Edmonds N & E 98026	Mountlake Terrace 98043	3-Zip Region
Total Households (2002)	8,095	14,166	8,108	30,369
	Total Expenditures ($000s)			
TOTAL EXPENDITURES	511,668	863,757	395,565	1,770,991
VEHICLE PURCHASES AND LEASES	46,569	79,943	33,763	160,275
FOOD AWAY FROM HOME	44,164	76,338	38,262	158,764
FOOD AT HOME	41,215	74,944	40,316	156,475
CONTRIBUTIONS ALL	19,592	30,485	11,612	61,689
TRAVEL	18,205	29,200	12,486	59,892
AUTOMOTIVE MAINTENANCE/REPAIR/OTHER	17,041	29,014	13,271	59,326
ALCOHOLIC BEVERAGES	16,741	27,493	12,969	57,203
TV, RADIO & SOUND EQUIPS	15,458	25,919	11,563	52,939
PERSONAL EXPENSES AND SERVICES	14,430	21,802	9,210	45,442
MEDICAL SERVICES	13,935	21,769	9,245	44,949
HOUSEHOLD FURNISHINGS AND FURINITURE	13,995	22,269	8,602	44,866
WOMEN'S APPAREL	12,473	21,411	9,289	43,173
MISC AUTO EXPENSES	10,033	18,708	10,095	38,837
OTHER APPAREL PRODS & SRVCS	11,521	18,533	7,611	37,665
HOUSEHOLD REPAIRS	12,020	18,279	6,465	36,765
EDUCATION	11,029	18,017	7,239	36,285
DRUGS	11,789	16,037	6,937	34,764
SPORTS EQUIPMENT	8,496	14,086	5,985	28,567
PERSONAL CARE PRODS & SRVCS	7,904	13,683	6,883	28,470
MEN'S APPAREL	7,695	13,443	5,865	27,002
HOUSING EXPENSES	6,939	11,922	5,643	24,504
SMALL APPLIANCE & HOUSEWARE	7,412	11,553	4,536	23,501
SMOKING PRODUCTS AND SUPPLIES	4,956	10,124	6,288	21,368
OTHER HOUSEHOLD ELECTRONIC PRODUCTS	6,372	10,463	4,448	21,282
HOUSEHOLD SERVICES	6,529	10,427	4,265	21,221
READING MATERIALS	6,431	10,059	4,328	20,818
MISC HOUSEHOLD EQUIPMENT	5,099	8,236	3,518	16,853
FOOTWEAR (EXCL INFANTS)	3,857	7,037	3,283	14,177
MAJOR APPLIANCES	3,601	5,771	2,353	11,726
BOATS/MOTORS OTHER RVS	3,500	5,594	1,856	10,950
PET EXPENSES	2,874	4,929	2,245	10,048
ALL DAY CARE	2,901	4,798	1,982	9,681
GIRLS' APPAREL	2,276	4,286	1,906	8,467
BOYS' APPAREL	1,774	3,492	1,550	6,816
PHOTOGRAPHIC EQUIPMENT/SUPPLIES	1,967	3,265	1,371	6,603
RENTED VEHICLES	1,841	2,932	1,158	5,931
MEDICAL SUPPLIES	1,494	2,379	1,074	4,948
CLUB MEMBERSHIP DUES/FEES	1,317	2,014	779	4,110
INFANTS' APPAREL	968	1,767	841	3,577
FEES FOR RECREATIONAL LESSONS	980	1,644	633	3,257
ADMISSION FEES TO SPORTING EVENT	783	1,276	515	2,574
FEES FOR PARTICIPANT SPORTS	713	1,133	488	2,334
ADMISSION FEES FOR ENTERTAINMENT	636	1,057	478	2,172
MUSIC INSTRUMENT/SUPPLY(INCL RENT)	273	476	189	938
RENTAL AND REPAIR OF MUSICAL INSTRUMENTS	25	45	20	90

Source: Claritas, Inc.