TEN-YEAR ECONOMIC DEVELOPMENT STRATEGIC PLAN UPDATE

THE CITY OF AUBURN, WA

MARCH 2018
Agenda

• Introductions
• National trends
• Auburn market
• Strategic plan update
• Next steps
INTRODUCTION
ECONOMIC & WORKFORCE STRATEGIC PLANNING

COMMITTED TO HOLISTIC THINKING & SUSTAINABLE DEVELOPMENT

AUSTIN & SEATTLE OFFICES WITH GLOBAL REACH
HEARTLAND

PUGET SOUND-BASED REAL ESTATE ADVISORY AND INVESTMENT FIRM

DEEP UNDERSTANDING OF LOCAL MARKET

MULTI-DISCIPLINARY AND STRATEGIC APPROACH

CULTURE OF INTELLECTUAL CURIOSITY
THE RETAIL COACH

WE DEVELOP AND EXECUTE RETAIL RECRUITMENT AND DEVELOPMENT STRATEGIES

For over 15 YEARS we have provided the RESEARCH, RELATIONSHIPS and STRATEGIES to achieve results that have helped OVER 350 COMMUNITIES throughout the US expand their sales tax base and quality of life.

86% REPEAT CLIENTS
NATIONAL TRENDS
THE GEOGRAPHY OF RECOVERY
Cumulative Change in Employment Since the Beginning of the Great Recession

NOV 2017

US share of 2007 employment: 106%

Metro areas at or above 2007 employment: 267

Metro areas below 2007 employment: 95

ECONOMY AT FULL EMPLOYMENT

US Unemployment Rate

4.4%

WIDE DISPARITY BY REGION
Unemployment by County, as of December 2017

Note: red is less than 4.1; blue is more than 4.1.
**WORKFORCE IS RAPIDLY DIGITALIZING**

Comparative Jobs by Digital Score, 2002 and 2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Low Digital Jobs</th>
<th>Medium Digital Jobs</th>
<th>High Digital Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>66 M</td>
<td>49 M</td>
<td>6 M</td>
</tr>
<tr>
<td>2016</td>
<td>32 M</td>
<td>66 M</td>
<td>6 M</td>
</tr>
</tbody>
</table>

Note: Low digital scores are 33 and below; medium are 33 to 60; and high are 60 to 100.
“...the IoT [Internet of Things] extends well beyond the home and consumer-level gadgets. Asset-heavy industries like manufacturing, logistics, mining, oil, utilities and agriculture have also begun to apply IoT systems to improve efficiency and results.”
MCKINSEY’S ‘DIGITAL COMPASS’ FOR MANUFACTURING

### INDUSTRIAL IoT CATEGORIES (CB INSIGHTS)

<table>
<thead>
<tr>
<th>SENSORS &amp; CONNECTIVITY</th>
<th>EDGE DEVICES &amp; CONNECTED OBJECTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Connectivity</td>
<td>• Inspection Drones</td>
</tr>
<tr>
<td>• Sensors &amp; Monitoring</td>
<td>• 3D Printing</td>
</tr>
<tr>
<td>• M2M / Satellite</td>
<td>• Industrial AR/VR</td>
</tr>
<tr>
<td></td>
<td>• Wearables</td>
</tr>
<tr>
<td></td>
<td>• Robotics &amp; Exo</td>
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</table>

<table>
<thead>
<tr>
<th>UNIVERSAL PLATFORMS &amp; EDGE INTELLIGENCE</th>
<th>APPLIED SENSOR NETWORKS</th>
<th>ADVANCED ANALYTICS, EDGE INTELLIGENCE &amp; PROTECTION</th>
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</thead>
<tbody>
<tr>
<td>• Universal Platforms</td>
<td>• Fleet</td>
<td>• AI, ML, Predictive Analytics</td>
</tr>
<tr>
<td>• Fog &amp; Edge Computing</td>
<td>• Oil &amp; Gas</td>
<td>• Cybersecurity</td>
</tr>
<tr>
<td></td>
<td>• Agriculture</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Smart Grid</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Factory</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Warehouse</td>
<td></td>
</tr>
</tbody>
</table>
RETAIL SALES VOLUME
US Retail Sales (in trillions)

Sources: US Census Bureau, Annual Retail Trade Surveys, 2002-2015; and Monthly Retail Trade Surveys, all months for 2016
Note: The 2016 total is preliminary. Retail sales are include all industries within the Retail Trade sector.
CONSTRUCTION RATE COMPARISON
Construction underway as a % of nationwide total

Sources: CoStar; TIP Strategies
Note: 2017 as of mid-year 2017
ONLINE RETAIL
US Online (E-commerce) Sales as a % of Total Retail Sales

Sources: US Census Bureau
OPPORTUNITIES IN THE NEW RETAIL SECTOR

UPSTREAM

DATA CENTERS
- aws

OWNER-CONTROLLED FULFILLMENT
- amazon

OUTSOURCED FULFILLMENT (3PL)
- Radial
- C.H. ROBINSON
- Expeditors
- XPO Logistics
- KUEHNE+NAGEL

B2C DELIVERY
- UPS
- DHL
- FedEx
- United States Postal Service
- Uber

DOWNSTREAM

ONLINE RETAILERS
- EXPERIENTIAL
  - ModCloth
  - BONOBOS
  - WP

  - amazon POP-UP
  - TREASURE TRUCK

  - WHOLE FOODS MARKET
  - amazon go

  - POP-UP RETAIL
    - ModCloth
    - BONOBOS
    - WP

  - PERISHABLES & PICKUPS
    - amazon POP-UP
    - TREASURE TRUCK
    - WHOLE FOODS MARKET
    - amazon go
3

AUBURN TRENDS
AUBURN ECONOMIC DASHBOARD
2017

60,118 JOBS
4.1% UNEMPLOYMENT
40,093 LABOR FORCE
$8.1 B REGIONAL PRODUCT

TOP INDUSTRIES BY EMPLOYMENT:

GOVERNMENT
RETAIL TRADE
MANUFACTURING
CONSTRUCTION

Note: Industries by 2-digit NAICS code ranking.
EXPECTED INDUSTRY GROWTH
Top 10 Fastest Growing Industries, 2017-2022

1. Retail Trade: 1263
2. Government: 627
3. Construction: 552
4. Information: 491
5. Health Care and Social Assistance: 485
6. Accommodation and Food Services: 288
7. Manufacturing: 235
8. Other Services (except Public Administration): 190
10. Wholesale Trade: 88
11. Professional, Scientific, and Technical Services: 70
12. Real Estate and Rental and Leasing: 65
13. Educational Services: 34
14. Management of Companies and Enterprises: 21
15. Transportation and Warehousing: 20
16. Agriculture, Forestry, Fishing and Hunting: 1
17. Arts, Entertainment, and Recreation: 6
18. Finance and Insurance: 31

Source: Emsi.
Of the 4,641 workers that held jobs in Auburn in 2015, 88 percent lived outside the city.

Of the 3,132 residents employed in 2015, 83 percent commuted to jobs outside the city.

Source: US Census Bureau, LEHD.
COMMUTER TRENDS
Inflow/Outflow, 2006 - 2015

- OUTBOUND (Commute from Auburn to jobs outside)
- INBOUND (Commute into Auburn from outside)
- LIVE & WORK (Live & work in Auburn)

Source: US Census Bureau, LEHD.
INDUSTRIAL & OFFICE
MARKET ASSESSMENT

Industrial Net Absorption & Vacancy Trends

- Decreasing vacancy reaching lowest level since 2000 for both Auburn (1%) and in Market Area (3%)

Source: CoStar
MARKET ASSESSMENT

Industrial Rental Rate & Vacancy Trends

- Drastic increase in rent since 2015 (30% increase in Auburn, 23% increase in Market Area)

Source: CoStar
MARKET ASSESSMENT

Industrial Market Fundamentals Comparison

Source: CoStar
MARKET ASSESSMENT

Office Net Absorption & Vacancy Trends

- Vacancy holding steady in both Auburn (6%) and in Market Area (9.5%).

Source: CoStar
MARKET ASSESSMENT

Office Rental Rate & Vacancy Trends

- Increasing rent since 2015 (around $19 NNN for both Auburn and Market Area)

Source: CoStar
Office Market Fundamentals Comparison

Source: CoStar
MARKET CAPACITY

2016-2017 Permitted New Construction (SF)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office</td>
<td>71,770</td>
<td>4,618</td>
<td>76,388</td>
</tr>
<tr>
<td>Industrial</td>
<td>204,860</td>
<td>372,108</td>
<td>576,968</td>
</tr>
<tr>
<td>Retail</td>
<td>20,514</td>
<td>0</td>
<td>20,514</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>297,144</strong></td>
<td><strong>376,726</strong></td>
<td><strong>673,870</strong></td>
</tr>
</tbody>
</table>

Source: City of Auburn Building Division

Full Buildout Scenario Additional Market & Employment Capacity

<table>
<thead>
<tr>
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<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bldg SF</td>
<td>Est. Jobs Support</td>
</tr>
<tr>
<td>Pipeline Parcel</td>
<td>1,621,000</td>
<td>6,100</td>
</tr>
<tr>
<td>Ready to Develop</td>
<td>833,000</td>
<td>3,100</td>
</tr>
<tr>
<td>Very Likely to Redevelop</td>
<td>351,000</td>
<td>1,300</td>
</tr>
<tr>
<td>Have the Potential to Redevelop</td>
<td>2,955,000</td>
<td>11,100</td>
</tr>
<tr>
<td><strong>Total Net New</strong></td>
<td><strong>5,760,000</strong></td>
<td><strong>21,600</strong></td>
</tr>
</tbody>
</table>

Major New Construction

- DCT Hudson Distribution Center (287k sf)
- Lakeland Heated Storage (71k sf)
- Raceway Storage (53k sf)
- Boeing Workforce Readiness Center (71k sf)
- Boeing Operations Readiness Center (70k sf)
- Lakeridge Paving Corporate HQ (15k sf on unlikely to be developed land)

- Capacity balanced against estimated job growth
- Analysis Supports:
  - 1 Office Job = 240 sf
  - 1 Industrial Job = 1,350 sf
MARKET CAPACITY

Industrial & Office Development Opportunity Areas

- Industrial Retrofit
- Emerald Downs Extension Area
- Downtown Auburn

Potential Annexation Area
Potential Rezone Area

- Valley 6 Redevelopment
- Exact Aerospace
- Aerospace Hub
- GSA Property
MARKET CAPACITY

Additional Office Building Capacity

2025 Office & Industrial Space Demand

<table>
<thead>
<tr>
<th></th>
<th>Office</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Projection</td>
<td>4,592</td>
<td>17,582</td>
</tr>
<tr>
<td>Employment Increase</td>
<td>423</td>
<td>1,793</td>
</tr>
<tr>
<td>Space in Demand (sf)</td>
<td>101,520</td>
<td>2,420,550</td>
</tr>
</tbody>
</table>

Estimated Supportable Office

- Gateway Project: 1,600,000
- Emerald Downs: 160,974
- GSA Property: 2,416,537

Estimated Supportable Industrial

- Emerald Downs: 2,357,923
- GSA Property: 805,512
RETAIL
Incomes are increasing!

Population is up by 3,500!
Population is up by 11,000!
Retail Gap (Leakage) Analysis
## PRIMARY RETAIL TRADE AREA • GAP/OPPORTUNITY ANALYSIS

Auburn, Washington

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>DESCRIPTION</th>
<th>POTENTIAL SALES</th>
<th>ACTUAL SALES</th>
<th>*LEAKAGE/SURPLUS</th>
<th>*LEAKAGE INDEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>441</td>
<td>Motor Vehicle and Parts Dealers</td>
<td>615,817,629</td>
<td>$377,213,020</td>
<td>$238,604,609</td>
<td>0.613</td>
</tr>
<tr>
<td>4411</td>
<td>Automotive Dealers</td>
<td>534,325,779</td>
<td>$313,414,200</td>
<td>$220,911,579</td>
<td>0.587</td>
</tr>
<tr>
<td>4412</td>
<td>Other Motor Vehicle Dealers</td>
<td>33,076,206</td>
<td>$36,727,236</td>
<td>-$3,651,030</td>
<td>1.110</td>
</tr>
<tr>
<td>4413</td>
<td>Automotive Parts/Accrs, Tire Stores</td>
<td>48,415,644</td>
<td>$27,071,584</td>
<td>$21,344,060</td>
<td>0.559</td>
</tr>
<tr>
<td>442</td>
<td>Furniture and Home Furnishings Stores</td>
<td>63,177,438</td>
<td>$14,773,825</td>
<td>$48,403,613</td>
<td>0.234</td>
</tr>
<tr>
<td>4421</td>
<td>Furniture Stores</td>
<td>33,836,605</td>
<td>$3,821,611</td>
<td>$30,014,994</td>
<td>0.113</td>
</tr>
<tr>
<td>4422</td>
<td>Home Furnishing Stores</td>
<td>29,340,833</td>
<td>$10,952,214</td>
<td>$18,388,619</td>
<td>0.373</td>
</tr>
<tr>
<td>443</td>
<td>Electronics and Appliance Stores</td>
<td>54,089,749</td>
<td>$43,765,982</td>
<td>$10,323,767</td>
<td>0.809</td>
</tr>
<tr>
<td>4431</td>
<td>Appliances, TVs, Electronics Stores</td>
<td>54,089,749</td>
<td>$39,882,991</td>
<td>$14,206,758</td>
<td>0.737</td>
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<tr>
<td>44311</td>
<td>Household Appliances Stores</td>
<td>7,670,816</td>
<td>$300,318</td>
<td>$7,370,498</td>
<td>0.039</td>
</tr>
<tr>
<td>44312</td>
<td>Electronics Stores</td>
<td>46,418,932</td>
<td>$3,582,673</td>
<td>$42,836,259</td>
<td>0.077</td>
</tr>
<tr>
<td>444</td>
<td>Building Material, Garden Equip Stores</td>
<td>324,821,648</td>
<td>$78,625,048</td>
<td>$246,196,600</td>
<td>0.242</td>
</tr>
<tr>
<td>4441</td>
<td>Building Material and Supply Dealers</td>
<td>298,904,914</td>
<td>$75,497,920</td>
<td>$223,406,994</td>
<td>0.253</td>
</tr>
<tr>
<td>44411</td>
<td>Home Centers</td>
<td>120,216,491</td>
<td>$43,445,309</td>
<td>$76,771,182</td>
<td>0.361</td>
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<tr>
<td>44412</td>
<td>Paint and Wallpaper Stores</td>
<td>6,160,516</td>
<td>$2,112,043</td>
<td>$4,048,473</td>
<td>0.343</td>
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<tr>
<td>44413</td>
<td>Hardware Stores</td>
<td>30,727,223</td>
<td>$3,864,644</td>
<td>$26,862,579</td>
<td>0.126</td>
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<tr>
<td>44419</td>
<td>Other Building Materials Dealers</td>
<td>141,800,684</td>
<td>$26,075,924</td>
<td>$115,724,760</td>
<td>0.184</td>
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<tr>
<td>444191</td>
<td>Building Materials, Lumberyards</td>
<td>51,557,818</td>
<td>$2,232,282</td>
<td>$49,325,536</td>
<td>0.043</td>
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<tr>
<td>4442</td>
<td>Lawn, Garden Equipment, Supplies Stores</td>
<td>25,916,734</td>
<td>$3,127,128</td>
<td>$22,789,606</td>
<td>0.121</td>
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<td>44421</td>
<td>Outdoor Power Equipment Stores</td>
<td>4,803,530</td>
<td>$148,210</td>
<td>$4,655,320</td>
<td>0.031</td>
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<td>44422</td>
<td>Nursery and Garden Centers</td>
<td>21,113,204</td>
<td>$2,978,918</td>
<td>$18,134,286</td>
<td>0.141</td>
</tr>
<tr>
<td>SECTOR</td>
<td>DESCRIPTION</td>
<td>POTENTIAL SALES</td>
<td>ACTUAL SALES</td>
<td>*LEAKAGE/SURPLUS</td>
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<tr>
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<tr>
<td>445</td>
<td>Food and Beverage Stores</td>
<td>408,233,196</td>
<td>$117,605,929</td>
<td>$290,627,267</td>
<td>0.288</td>
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<tr>
<td>4451</td>
<td>Grocery Stores</td>
<td>370,925,346</td>
<td>$96,598,133</td>
<td>$274,327,213</td>
<td>0.260</td>
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<tr>
<td>44511</td>
<td>Supermarkets, Grocery (Ex Conv) Stores</td>
<td>347,296,812</td>
<td>$90,984,916</td>
<td>$256,311,896</td>
<td>0.262</td>
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<tr>
<td>44512</td>
<td>Convenience Stores</td>
<td>23,628,534</td>
<td>$5,613,217</td>
<td>$18,015,317</td>
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<tr>
<td>4452</td>
<td>Specialty Food Stores</td>
<td>14,111,393</td>
<td>$7,646,643</td>
<td>$6,464,750</td>
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<tr>
<td>4453</td>
<td>Beer, Wine and Liquor Stores</td>
<td>23,196,457</td>
<td>$13,361,153</td>
<td>$9,835,304</td>
<td>0.576</td>
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<tr>
<td>446</td>
<td>Health and Personal Care Stores</td>
<td>159,385,251</td>
<td>$34,563,249</td>
<td>$124,822,002</td>
<td>0.217</td>
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<tr>
<td>44611</td>
<td>Pharmacies and Drug Stores</td>
<td>129,910,159</td>
<td>$22,852,579</td>
<td>$107,057,580</td>
<td>0.176</td>
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<tr>
<td>44612</td>
<td>Cosmetics, Beauty Supplies, Perfume Stores</td>
<td>12,987,530</td>
<td>$5,813,590</td>
<td>$7,173,940</td>
<td>0.448</td>
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<tr>
<td>44613</td>
<td>Optical Goods Stores</td>
<td>6,645,793</td>
<td>$2,178,583</td>
<td>$4,467,210</td>
<td>0.328</td>
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<tr>
<td>44619</td>
<td>Other Health and Personal Care Stores</td>
<td>9,841,769</td>
<td>$3,718,497</td>
<td>$6,123,272</td>
<td>0.378</td>
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<tr>
<td>447</td>
<td>Gasoline Stations</td>
<td>187,986,144</td>
<td>$112,490,209</td>
<td>$75,495,935</td>
<td>0.598</td>
</tr>
<tr>
<td>44711</td>
<td>Gasoline Stations With Conv Stores</td>
<td>94,241,928</td>
<td>$90,515,555</td>
<td>$3,726,373</td>
<td>0.960</td>
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<tr>
<td>44719</td>
<td>Other Gasoline Stations</td>
<td>93,744,216</td>
<td>$21,974,654</td>
<td>$71,769,562</td>
<td>0.234</td>
</tr>
<tr>
<td>448</td>
<td>Clothing and Clothing Accessories Stores</td>
<td>147,866,516</td>
<td>$81,074,944</td>
<td>$66,791,572</td>
<td>0.548</td>
</tr>
<tr>
<td>4481</td>
<td>Clothing Stores</td>
<td>108,148,797</td>
<td>$63,038,894</td>
<td>$45,109,903</td>
<td>0.583</td>
</tr>
<tr>
<td>44811</td>
<td>Men's Clothing Stores</td>
<td>4,644,177</td>
<td>$7,558,656</td>
<td>-$2,914,479</td>
<td>1.628</td>
</tr>
<tr>
<td>44812</td>
<td>Women's Clothing Stores</td>
<td>24,184,703</td>
<td>$14,228,351</td>
<td>$9,956,352</td>
<td>0.588</td>
</tr>
<tr>
<td>44813</td>
<td>Childrens, Infants Clothing Stores</td>
<td>6,104,778</td>
<td>$9,495,413</td>
<td>-$3,390,635</td>
<td>1.555</td>
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<tr>
<td>44814</td>
<td>Family Clothing Stores</td>
<td>58,946,053</td>
<td>$17,165,970</td>
<td>$41,780,083</td>
<td>0.291</td>
</tr>
<tr>
<td>44815</td>
<td>Clothing Accessories Stores</td>
<td>5,704,119</td>
<td>$5,446,017</td>
<td>$258,102</td>
<td>0.955</td>
</tr>
<tr>
<td>44819</td>
<td>Other Clothing Stores</td>
<td>8,564,967</td>
<td>$9,144,487</td>
<td>-$579,520</td>
<td>1.068</td>
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<tr>
<td>4482</td>
<td>Shoe Stores</td>
<td>19,892,049</td>
<td>$4,816,999</td>
<td>$15,075,050</td>
<td>0.242</td>
</tr>
<tr>
<td>4483</td>
<td>Jewelry, Luggage, Leather Goods Stores</td>
<td>19,825,670</td>
<td>$13,219,051</td>
<td>$6,606,619</td>
<td>0.667</td>
</tr>
<tr>
<td>44831</td>
<td>Jewelry Stores</td>
<td>18,331,802</td>
<td>$13,183,454</td>
<td>$5,148,348</td>
<td>0.719</td>
</tr>
<tr>
<td>44832</td>
<td>Luggage and Leather Goods Stores</td>
<td>1,493,869</td>
<td>$35,597</td>
<td>$1,458,272</td>
<td>0.024</td>
</tr>
</tbody>
</table>
### PRIMARY RETAIL TRADE AREA • GAP/OPPORTUNITY ANALYSIS

**Auburn, Washington**

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<th>*LEAKAGE INDEX</th>
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</thead>
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<tr>
<td>451</td>
<td>Sporting Goods, Hobby, Book, Music Stores</td>
<td>58,458,422</td>
<td>$20,406,108</td>
<td>$38,052,314</td>
<td>0.349</td>
</tr>
<tr>
<td>4511</td>
<td>Sporting Goods, Hobby, Musical Inst Stores</td>
<td>48,872,897</td>
<td>$18,698,205</td>
<td>$30,174,692</td>
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<tr>
<td>45111</td>
<td>Sporting Goods Stores</td>
<td>33,314,473</td>
<td>$17,126,401</td>
<td>$16,188,072</td>
<td>0.514</td>
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<tr>
<td>45112</td>
<td>Hobby, Toys and Games Stores</td>
<td>10,928,188</td>
<td>$885,558</td>
<td>$10,042,630</td>
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<tr>
<td>45113</td>
<td>Sew/Needlework/Piece Goods Stores</td>
<td>1,847,401</td>
<td>$445,950</td>
<td>$1,401,451</td>
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<tr>
<td>45114</td>
<td>Musical Instrument and Supplies Stores</td>
<td>2,782,836</td>
<td>$240,296</td>
<td>$2,542,540</td>
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<tr>
<td>4512</td>
<td>Book, Periodical and Music Stores</td>
<td>9,585,525</td>
<td>$1,707,903</td>
<td>$7,877,622</td>
<td>0.178</td>
</tr>
<tr>
<td>45121</td>
<td>Book Stores and News Dealers</td>
<td>9,585,525</td>
<td>$1,707,903</td>
<td>$7,877,622</td>
<td>0.178</td>
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<tr>
<td>451211</td>
<td>Book Stores</td>
<td>8,439,304</td>
<td>$1,707,903</td>
<td>$6,731,401</td>
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<td>451212</td>
<td>News Dealers and Newsstands</td>
<td>1,146,221</td>
<td>0</td>
<td>$1,146,221</td>
<td>0.000</td>
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<td>452</td>
<td>General Merchandise Stores</td>
<td>340,722,055</td>
<td>$332,528,224</td>
<td>$8,193,831</td>
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<tr>
<td>4521</td>
<td>Department Stores Excl Leased Depts</td>
<td>176,103,721</td>
<td>$41,781,077</td>
<td>$134,322,644</td>
<td>0.237</td>
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<tr>
<td>4529</td>
<td>Other General Merchandise Stores</td>
<td>164,618,335</td>
<td>$290,747,147</td>
<td>-$126,128,812</td>
<td>1.766</td>
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<tr>
<td>453</td>
<td>Miscellaneous Store Retailers</td>
<td>80,154,053</td>
<td>$30,768,932</td>
<td>$49,385,121</td>
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<tr>
<td>4531</td>
<td>Florists</td>
<td>3,992,364</td>
<td>$622,861</td>
<td>$3,369,503</td>
<td>0.156</td>
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<tr>
<td>4532</td>
<td>Office Supplies, Stationery, Gift Stores</td>
<td>28,463,615</td>
<td>$7,199,980</td>
<td>$21,263,635</td>
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<tr>
<td>45321</td>
<td>Office Supplies and Stationery Stores</td>
<td>16,109,771</td>
<td>$6,326,229</td>
<td>$9,783,542</td>
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<tr>
<td>45322</td>
<td>Gift, Novelty and Souvenir Stores</td>
<td>12,353,844</td>
<td>$873,751</td>
<td>$11,480,093</td>
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<td>4533</td>
<td>Used Merchandise Stores</td>
<td>11,551,331</td>
<td>$1,443,329</td>
<td>$10,108,002</td>
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<tr>
<td>4539</td>
<td>Other Miscellaneous Store Retailers</td>
<td>36,146,743</td>
<td>$21,502,762</td>
<td>$14,643,981</td>
<td>0.595</td>
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<tr>
<td>454</td>
<td>Non-Store Retailers</td>
<td>267,734,547</td>
<td>$41,425,400</td>
<td>$226,309,147</td>
<td>0.155</td>
</tr>
</tbody>
</table>
## PRIMARY RETAIL TRADE AREA • GAP/OPPORTUNITY ANALYSIS

**Auburn, Washington**

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>DESCRIPTION</th>
<th>POTENTIAL SALES</th>
<th>ACTUAL SALES</th>
<th>*LEAKAGE/SURPLUS</th>
<th>*LEAKAGE INDEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>722</td>
<td>Foodservice and Drinking Places</td>
<td>366,265,075</td>
<td>$140,980,741</td>
<td>$225,284,334</td>
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<td>7223</td>
<td>Special Foodservices</td>
<td>27,511,277</td>
<td>$4,949,643</td>
<td>$22,561,634</td>
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<tr>
<td>7224</td>
<td>Drinking Places - Alcoholic Beverages</td>
<td>11,173,646</td>
<td>$2,883,740</td>
<td>$8,289,906</td>
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<td>722511</td>
<td>Full Service Restaurants</td>
<td>180,694,182</td>
<td>$46,053,766</td>
<td>$134,640,416</td>
<td>0.255</td>
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<td>722513</td>
<td>Limited Service Eating Places</td>
<td>126,054,917</td>
<td>$83,461,002</td>
<td>$42,593,915</td>
<td>0.662</td>
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<tr>
<td>722514</td>
<td>Cafeterias, Grill Buffets, and Buffets</td>
<td>3,321,053</td>
<td>$2,353,739</td>
<td>$967,314</td>
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<td>722515</td>
<td>Snack and Non-alcoholic Beverage Bars</td>
<td>17,510,001</td>
<td>$1,278,851</td>
<td>$16,231,150</td>
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</tr>
</tbody>
</table>
Shift in Recruitment Focus to Regional Retailers and Restaurants
EXAMPLE REGIONAL RETAILERS

- Molly Moon's Ice Cream
- MudBay
- Blue Moon Burgers
- The Confectionery
- Amazon Books
- Cupcake Royale
- Pasta & Company
- Elemental Pizza
- Jimmy Mac's Roadhouse
- Super Jock 'n Jill
- Red Mill Burgers
- Road Runner

*Custom Feasibility (Marketing) Packages have been completed for each prospect*
RECRUITMENT EFFORTS

• Continued emails and phone calls to each prospective retailer and restaurant

• Attendance at ICSC/Retail Live Trade Shows in 2017:
  • ICSC Recon – Las Vegas (May 2017)
  • Retail Live – Austin, Texas (August 2017)
  • ICSC Atlanta – (October 2017)
  • ICSC Deal Making – Dallas, Texas (November 2017)

• Upcoming 2018 Retail Trade Shows:
  • ICSC Recon – Las Vegas (May 2018)
  • Retail Live – Austin, Texas (August 2018)
OPPORTUNITY AREAS

DELIVERY
A comprehensive service delivery system that actively identifies and advances economic development opportunities in Auburn

PRODUCT
An inventory of sites, a business climate, and a physical environment that foster business growth and ensure a resilient employment base

PLACE
Attractive gateways, impression corridors, and destinations that define the character of Auburn

MESSAGING
A coordinated marketing and branding campaign that elevates Auburn’s reputation among internal and external audiences
ORG STRUCTURE & BUDGET

Economic Development Manager

ED Admin Support

Business Development
Marketing
Redevelopment

Tourism
Real Estate Analysis

IMPLEMENTATION TEAM
IMPLEMENTATION PROGRESS

OVERALL – ALL OPPORTUNITY AREAS

- Complete: 10%
- Not Started: 34%
- In Progress: 56%

OPPORTUNITY ONE: DELIVERY
- Complete: 30%
- Not Started: 37%
- In Progress: 33%

OPPORTUNITY TWO: PRODUCT
- Complete: 3%
- In Progress: 39%
- Not Started: 58%

OPPORTUNITY THREE: PLACE
- Complete: 4%
- Not Started: 21%
- In Progress: 75%

OPPORTUNITY FOUR: MESSAGING
- Complete: 0%
- Not Started: 9%
- In Progress: 91%
Launched business incubator and strengthened relationship with SBAC

Started contact database for business visitations

Continued to grow and strengthen relationships with regional organizations and other key partners

Approval to hire business development position
PRODUCT
An inventory of sites, a business climate, and a physical environment that foster business growth and ensure a resilient employment base

• GSA site rezoned to be a higher use
• Actively working with Robertson Property group on Valley 6 Drive-In
• Evaluating feasibility of annexation
• Planning permitting software upgrade
• Project mapping tool to track major projects
• Undergoing cost recovery analysis
• Expanded DUC
• Replaced Environmental Park zone to allow for more flexibility
Attractive gateways, impression corridors, and destinations that define the character of Auburn

• Accelerated momentum around downtown revitalization
• Budgeted for Auburn Way South Corridor Improvement plan
• Working with Sound Transit on 2\textsuperscript{nd} parking garage
• Greater coordination in tourism industry
• New tourism website and videos
• Planned and packaged tours
MESSAGING
A coordinated marketing and branding campaign that elevates Auburn’s reputation among internal and external audiences

• Hiring a marketing agency and organizing marketing partners
• Continued to market Auburn to brokers and industry decision-makers
RESULTS

- Downtown
  - 2 residential projects – 400+ units
  - New restaurants and stores
- Boeing Workforce Readiness Center
- 300+ new hotel rooms planned
- 500,000+ sf of industrial under construction
• Tax base grew by 7% (5% on per capita basis)
• Residential growth has outpaced commercial growth.
  • For every additional $21 of residential tax base, only new $1 of commercial
• Retail sales increased 4%
• Some tenants have left because cannot find space to grow
• New space delivery slowed but strong pipeline
PERFORMANCE: ECONOMIC OPPORTUNITY

- Local employment growth double that of Seattle MSA
- Unemployment continued to decline
- Annual earnings climbed 13% in last two years
NEXT STEPS
PRIORITIES FOR 2018

• Hire business development position
  • Information & research tools
  • Business visitation
  • Proactive business recruitment
• Take action on product-related opportunity after conclusion of study phase
• Transition to support role for downtown and active role for Auburn Way South
• Lay the groundwork for marketing position
QUESTIONS
THANK YOU