

# Economic Development Technical Report

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Prepared for: Seattle Downtown Regional  
Center Plan

Prepared by: BAE Urban Economics

# Downtown Seattle Regional Center Plan

FINAL DRAFT

## Economic, Housing, and Real Estate Existing Conditions Report

Prepared for: City of Seattle

Prepared by: BAE

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# Summary of Findings and Policy Implications

This report provides a detailed analysis of economic, housing, and real estate market conditions in Downtown Seattle in support of the Downtown Seattle Regional Center Plan. Home to over 200,000 jobs and 47,000 residents, Downtown Seattle is the vibrant cultural and commercial heart of the Puget Sound Region. With a rich history and diversity of neighborhoods, communities, cultural landmarks and attractions, Downtown Seattle is undergoing a period of significant economic and social change, presenting both opportunities and challenges as Downtown looks to chart a course for equitable and sustainable development over the next twenty years and beyond.

## Demographic Trends

Downtown comprises some of Seattle's fastest growing and most affluent neighborhoods as well as neighborhoods with relatively lower incomes, high socioeconomic vulnerability, and significant risk of economic displacement. In particular, Pioneer Square and the Chinatown-International District (CID) are two Downtown neighborhoods with a large number of lower income households and communities of color with heightened socioeconomic vulnerabilities.

## Economic Trends

From small "mom and pop" retail shops to T-Mobile Park, Lumen Field, Pike Place Market and major businesses and civic institutions with a global impact, Downtown Seattle is home to a dynamic and diverse range of economic activities. Although the aftermath of the COVID-19 pandemic has fundamentally changed the way that people work, shop and play, Downtown Seattle continues to attract new investment, new businesses, and new workers across industry sectors.

- ***Employment by Industry.*** Making up two-thirds of total Downtown jobs, employment is dominated by the Services sector. This sector is also responsible for most of the employment growth Downtown and citywide, adding over 53,000 jobs Downtown and over 105,000 jobs in Seattle between 2010 and 2020. More detailed sectoral data from the U.S. Census Longitudinal Employer-Household Dynamics program indicates that these service jobs are largely in the Professional, Scientific, and Technical services sector and the Information sector, reflecting the strong position of the high-tech sector in Seattle and the broader Puget Sound Region.

- ***Employment by Occupation and Unemployment.*** The unemployment rates for residents living Downtown, in Seattle, and in the Region are low, with Downtown's unemployment rate at 3.9 percent, below that for the City or Region. According to the US Census American Community Survey (ACS), the top three major industry sectors for Downtown employed residents between 2018 and 2022 were Professional, Scientific, and Technical Services at 28 percent of employed residents; Retail Trade at 18 percent of employed residents; and Information at eight percent of employed residents.
- ***Small Business Conditions.*** Seattle's Downtown Activation Plan views small businesses as being a key component of a thriving downtown, providing ownership opportunities for entrepreneurs from diverse backgrounds and filling vacant retail, restaurant, and office spaces with thriving businesses serving Downtown's resident and worker population. The average number of employees for private businesses located in the Downtown subarea is under 20 persons per business, indicating the presence of a large number of small firms across a variety of sectors.

## Real Estate Trends

### Residential Trends

Downtown contains approximately 36,000 residential units, or nearly nine percent of the city's overall residential inventory. Approximately 75 percent of all residential units Downtown were built since 2000, highlighting the significant amount of recent development in Downtown. The cost of housing Downtown is generally higher than elsewhere in the City, particularly in terms of rental rates in multifamily apartments. According to the US Housing and Urban Development Department (HUD) Downtown has a significantly higher share of lower-income households relative to the City and Region, and these households experience a significant rate of cost burden and other housing problems. Future policies should be structured to support these existing households to improve their housing conditions.

### Retail Trends

As for almost all cities in North America, in the wake of the Covid-19 pandemic and amidst growing consumer preferences for on-line and/or omni-channel retail options, demand for downtown and citywide retail has decreased over the last decade, with negative net absorption of 630,000 square feet in Downtown Seattle, and 1.4 million square feet citywide. There is currently limited retail development in the planning pipeline and declining demand from retail users; as such future planning and economic development policies Downtown will likely focus less on adding new



space and more on how to best utilize existing retail space and possibly reposition some of this space for other commercial users, like arts and culture as well as entertainment and recreation.

### Office Trends

Despite significant demand for office space Downtown prior to the COVID-19 pandemic, more recent trends indicate declining demand for offices in Downtown as well as the City and Region. Between the beginning of 2020 and the end of 2023 office vacancy rates more than tripled, rising from six percent to 22 percent. As return-to-work trends continue, monitoring the overall demand and health of the office sector will be critical to Downtown's success.

### Lodging

As both a tourism and business hub for the City, Downtown Seattle has a considerable number of hotels at a range of price points. While there are hotels throughout Downtown, the majority of hotels are concentrated in the Pike-Market, Denny Triangle, and Commercial Core neighborhoods. There are six additional hotels in various stages of the proposed development pipeline. The hotel building stock is older, with a median age of 55 years old across all hotel classes.

### Attractions and Entertainment

Downtown Seattle is an entertainment center for tourists and locals alike, with attractions from Pike Place Market and the Seattle Art Museum to Lumen Field. While tourism has not fully recovered to pre-pandemic levels, according to a tourism report from the Downtown Seattle Association the neighborhood saw a post-pandemic high of almost 3.5 million unique out-of-town visitors in the summer of 2023. Many Downtown destinations, including the Seattle Aquarium, surpassed the 2019 levels of out-of-town visitor foot traffic in 2023.

The Downtown Regional Center is also a hub for special events, including music events, parades, and protests. According to special event permit data, in 2023 the City issued permits for 37 special events for a total of 572,000 attendees.

### Racial Equity Toolkit (RET) Outcomes

This analysis has been prepared considering the Racial Equity Toolkit (RET) outcomes that have been identified for the Downtown Plan Area. The RET outcomes are listed below along with proposed data metrics for measuring Downtown's ability to meet the outcomes.

*Arts and Culture Representation: A thriving, creative community lives in, works in, and shapes the Downtown experience.*

Proposed Metrics: 1) Number of jobs and businesses (including non-profit organizations) in the Arts and Recreation sector; 2) Availability of commercial space to accommodate arts and culture activities at present and in the future.

*Access to Housing: Downtown offers diverse housing options that support where people are in their lives without creating a cost burden.*

Proposed Metrics: 1) Number of housing units by type, tenure and affordability level; 2) Percent of households by income level facing housing overpayment and other housing problems, as defined by HUD.

*Access to Employment and Creating Businesses: Downtown is a center for businesses of all sizes that create financial opportunity and stability for entrepreneurs, owners and employees.*

Proposed Metrics: 1) number of jobs and small businesses by economic sector; 2) small business creation by business and owner type; 3) jobs by race and ethnicity, Beyond these specific RET outcomes and related metrics, this report is grounded in the racial and socioeconomic equity goals and focus of the Downtown Regional Center Plan process.

## Policy Recommendations

The findings contained in this report have various direct implications for planning and public policy including, but not limited to, the following:

**Invest in basic infrastructure to support equitable growth and community development.** The Draft One Seattle Comprehensive Plan targets the addition of 60,000 jobs and 13,500 new housing units to the relatively compact 1.5 square mile Downtown area between 2024 and 2044. New investments in Downtown's public realm and basic physical and social infrastructure will be required to sustain this level of growth while also ensuring that existing communities enjoy the benefits of new planned development and economic activity.

**Support community development programs and anti-displacement policies in Downtown's socioeconomically vulnerable neighborhoods.** While Downtown has on average comparatively high household incomes and rates of educational attainment, there is tremendous variation in socioeconomic conditions across Downtown

neighborhoods. The Regional Center Plan should build on existing efforts and community partnerships to identify policies and programs that support equitable development and anti-displacement in Downtown's most vulnerable communities like Pioneer Square and the CID.

**Promote efforts to ensure a diversity of businesses by size and industry sector.**

Downtown contains both an incredible diversity of small, locally-owned businesses as well as many larger public- and private-sector employers. Understanding that the percentage of employees reporting to work for a traditional five-day work week is unlikely to return to pre-COVID levels, efforts should continue to provide strategic marketing, workforce training, and other types of support to all types and sizes of businesses across Downtown's distinct neighborhoods.

**Identify opportunities for diversifying Downtown's housing stock by type, tenure and income-levels served.** Over 75% of Downtown's housing stock was added since 2020, and additional housing development over the next decades is expected to make Downtown the city's largest residential neighborhood. Affordable rental housing built using low-income housing credits comprises an important part of Downtown's supply, but there is still an insufficient supply of housing to serve the area's lowest-income residents, including individuals and families with special needs. As Downtown transitions to a more mixed-use area, every opportunity should be taken to identify opportunities for diversifying and growing the Regional Center's housing stock by type, tenure, and affordability.

**Plan for retail and service uses strategically.** With limited retail development in the pipeline and declining demand for traditional brick and mortar retail, future policies should focus on how to best utilize existing retail space and possibly reposition some of this space for other commercial users, like arts and culture as well as entertainment and recreation.

**Identify strategic opportunities for the adaptive reuse of office uses.** Despite significant demand for office space Downtown prior to the COVID-19 pandemic, more recent trends indicate declining demand for offices Downtown as well as the city and region. As return-to-work trends continue, there will likely be steady demand for the highest quality and best located office space while older and/or poorly positioned office space will struggle to compete for office users; opportunities for the adaptive reuse of office space should continue to be explored. Conversions of certain existing office space to residential uses should be considered as feasible as well as conversions to live-work and/or arts and culture uses in specific locations.

**Leverage Downtown's role as the cultural, entertainment, and attractions hub of the city and region.** As Downtown evolves economically, continue to support investments in commercial uses (e.g. lodging and food service) and visitor-serving infrastructure to make Downtown the entertainment hub of the Pacific Northwest region.

# Introduction

Home to over 200,000 jobs and 47,000 residents, Downtown Seattle is the vibrant cultural and commercial heart of the Puget Sound region. Within a relatively compact area, Downtown comprises a rich diversity of neighborhoods, communities, businesses, and cultural/arts institutions, all of which face a variety of opportunities and challenges in the current rapidly changing economic environment. In this context, BAE Urban Economics (BAE) has prepared this Economic, Housing, and Real Estate Existing Conditions report profiling Downtown Seattle in support of the Regional Center Plan currently being prepared on behalf of the City by Agency Landscape + Planning and a team of consulting partners.

Following this introduction, the report provides an in-depth analysis of economic, housing, and real estate market characteristics and trends in the Downtown Area, including data regarding socioeconomic and racial equity, affordable housing needs, displacement and gentrification risks, and neighborhood small businesses development. In addition, this analysis includes information on capital infrastructure needs along with potential funding and financing strategies to support future economic development.

Information from this analysis will be leveraged to support subsequent phases of plan preparation, including the development of goals and strategies that are based in a thorough understanding of the area's economic, housing, and real estate conditions and trends.

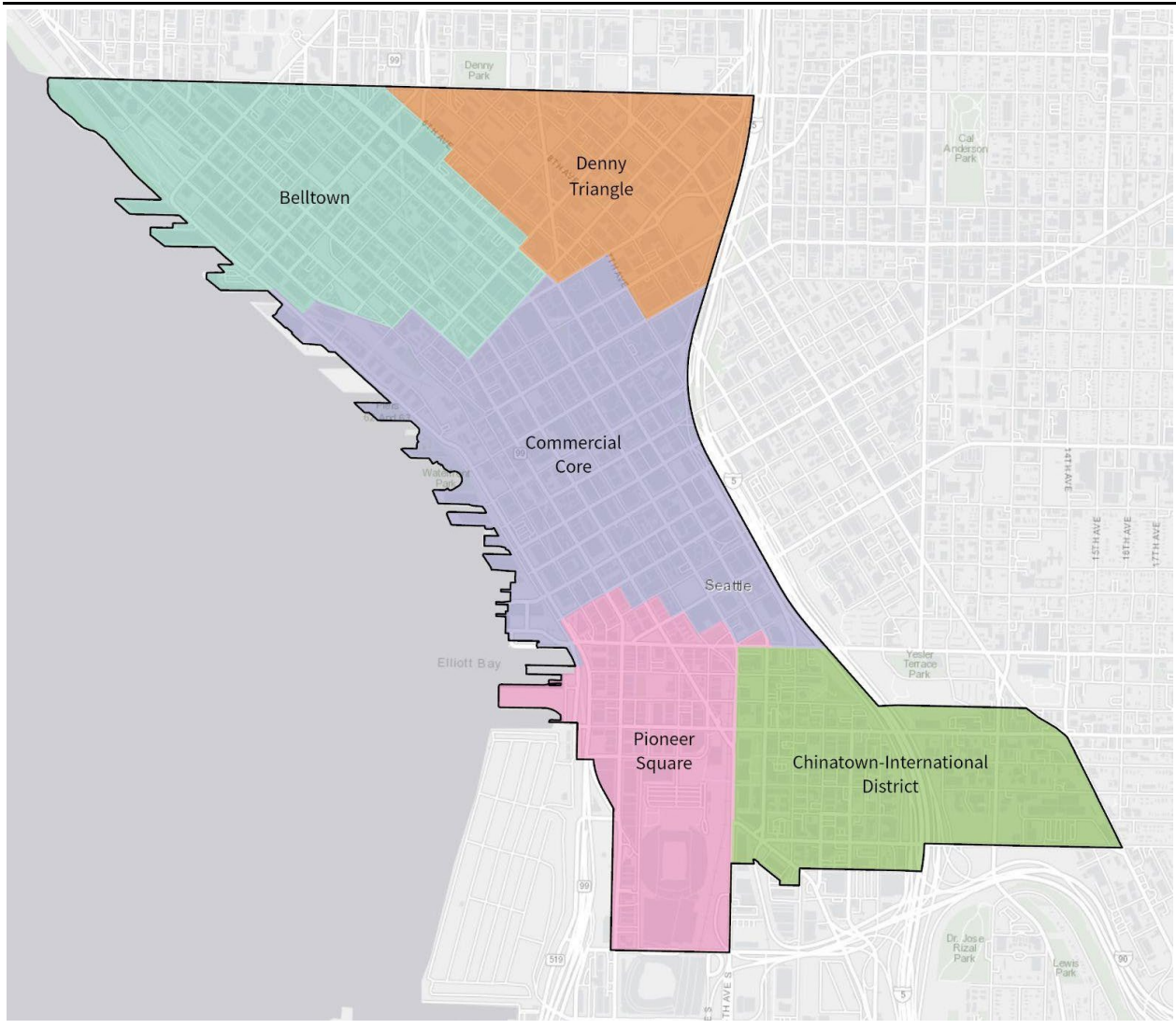
## Area Overview

The Downtown Regional Center Plan area comprises approximately 1.5 square miles, or less than two percent of Seattle's total land area. Within this relatively compact area there are five distinct neighborhoods, each with its own set of unique economic characteristics. Displayed below in Figure 1, these neighborhoods include as follows:

- Denny Triangle
- Belltown
- Commercial Core
- Pioneer Square
- Chinatown- International District

As feasible, the following report will describe economic and real estate conditions in individual neighborhoods in comparison to the Plan Area as whole.

**Figure 1: Downtown Regional Center Neighborhoods**



Sources: City of Seattle; BAE, 2024.

## Methodology and Data Sources

Economic and real estate market conditions in the Plan Area have been analyzed using the most current available secondary data from the City, the State of Washington, the US Census, and private data vendors. In addition, the analysis relies on primary research conducted by BAE on local economic and real estate market conditions.

## Related Economic Development and Planning Efforts

In addition to the Regional Center Plan, the Downtown Plan Area is the focus of numerous community planning and economic development efforts, including through the Draft One Seattle Plan. Ongoing planning, economic development and housing initiatives with direct relevance to this report are referenced throughout this report including, but not limited to, the following key planning and economic development plans and activities:

### Downtown Activation Plan

- [Downtown Seattle Association Programs and Services](#)
- [Downtown, Pioneer Square, Chinatown/ID and Tourism Improvement Area](#)
- [Waterfront Seattle](#)
- [Pioneer Square Alliance](#)
- [South Downtown Hub](#)

### Select City of Seattle Programs:

- [Seattle ReStored](#) (Office of Economic Development)
- [Seattle Good Business Learning Labs](#) (Office of Economic Development)
- [Tenant Improvement Fund](#) (Office of Economic Development)
- [Storefront Repair Fund](#) (Office of Economic Development)
- [Equitable Development Initiative](#) and related [Equitable Development Zoning](#) (Office of Planning & Community Development)
- [Strategic Investment Fund](#) (Office of Planning & Community Development)

## Estimated Job and Housing Growth, 2024- 2044

The City's Draft One Seattle Comprehensive Plan has provided growth targets for the City as whole and each of its Regional Centers. For Downtown, the total job growth estimate is 60,000 total jobs, or approximately one- third of all jobs in the City during the period from 2023 to 2044. In terms of housing units, the Comprehensive Plan estimates that Downtown Seattle will add 13,500 new homes, or approximately 17 percent of all estimated new housing units in Seattle as whole between 2024 and 2044 as Downtown becomes Seattle's largest residential neighborhood.

# Demographic Overview

Other analyses being prepared for the Downtown Regional Center Plan will provide detailed demographic data and analysis. For the purpose of setting the context for subsequent sections of the report, the following section provides an overview of demographic variables with particular relevance to economic development. For the selected data, the Downtown Area is compared to the City of Seattle and the Puget Sound region.

## Population and Household Trends

As of 2023, the Downtown Regional Center had a population of 47,859 according to estimates from the Washington Office of Financial Management, as summarized in Table 1. Downtown's population grew by approximately 76 percent between 2010 and 2023, significantly outpacing the growth in the City of Seattle and the Puget Sound Region as a whole. The Regional Center had an estimated household population of 44,489 residents and 29,940 households in 2023, for an average household size of 1.49 people. Downtown's 2023 average household size was smaller than that of the City of Seattle and the Puget Sound Region, at 2.02 and 2.51 respectively. The area has a sizable population living in group quarters, estimated at 3,370 residents in 2023, seven percent of the total subarea population.

Based on 2020 Census data, the group quarters population is overwhelmingly made up of approximately 2,260 persons the Census reports as being in "other noninstitutional facilities," a category that includes homeless individuals, both sheltered and unsheltered. The second largest group quarters population Downtown in 2020, at 849 persons, is in correctional facilities, due to the presence of the King County Correctional Facility. There are also approximately 250 people reported in student housing.

As also shown in Table 1, according to the American Community Survey the median age Downtown between 2018 and 2022 was 34.6 years old, which is close to the City of Seattle's median age of 35.4 years old and younger than the Puget Sound Region's median age of 37.5 years old. The median age in Downtown decreased by 3.6 years between 2010 and 2023, likely as a result of younger households moving into the new residential development in the Regional Center. over the same time period, the median age decreased by 1.0 years in the City and increased by 0.8 years in the Region.



**Table 1: Population and Household Trends, 2010- 2023**

	Downtown Subarea			City of Seattle			Puget Sound Region		
	2010	2023	% Change	2010	2023	% Change	2010	2023	% Change
<b>Total Population</b>	27,178	47,859	76.1%	608,174	779,200	28.1%	3,690,942	4,437,100	20.2%
<b>Household Population</b>	22,714	44,489	95.9%	583,631	750,201	28.5%	3,616,747	4,356,039	20.4%
<b>Households (a)</b>	16,791	29,940	78.3%	283,486	371,325	31.0%	1,455,406	1,736,122	19.3%
<b>Avg. Household Size (b)</b>	1.35	1.49	9.8%	2.06	2.02	-1.9%	2.49	2.51	1.0%
<b>Group Quarters Population</b>	4,512	3,370	-25.3%	24,699	28,999	17.4%	74,195	81,061	9.3%
	Downtown Subarea			City of Seattle			Puget Sound Region		
	2010	2022	% Change	2010	2022	% Change	2010	2022	% Change
<b>Median Age</b>	38.2	34.6	-9.3%	36.4	35.4	-2.8%	36.7	37.5	2.1%

Notes:

(a) Households represents the number of occupied housing units, per OFM data.

(b) Average household size is calculated by household population divided by occupied housing units, per OFM data.

Sources: City of Seattle, Washington Office of Financial Management, American Community Survey 5- Year Estimates, Agency; BAE, 2024.

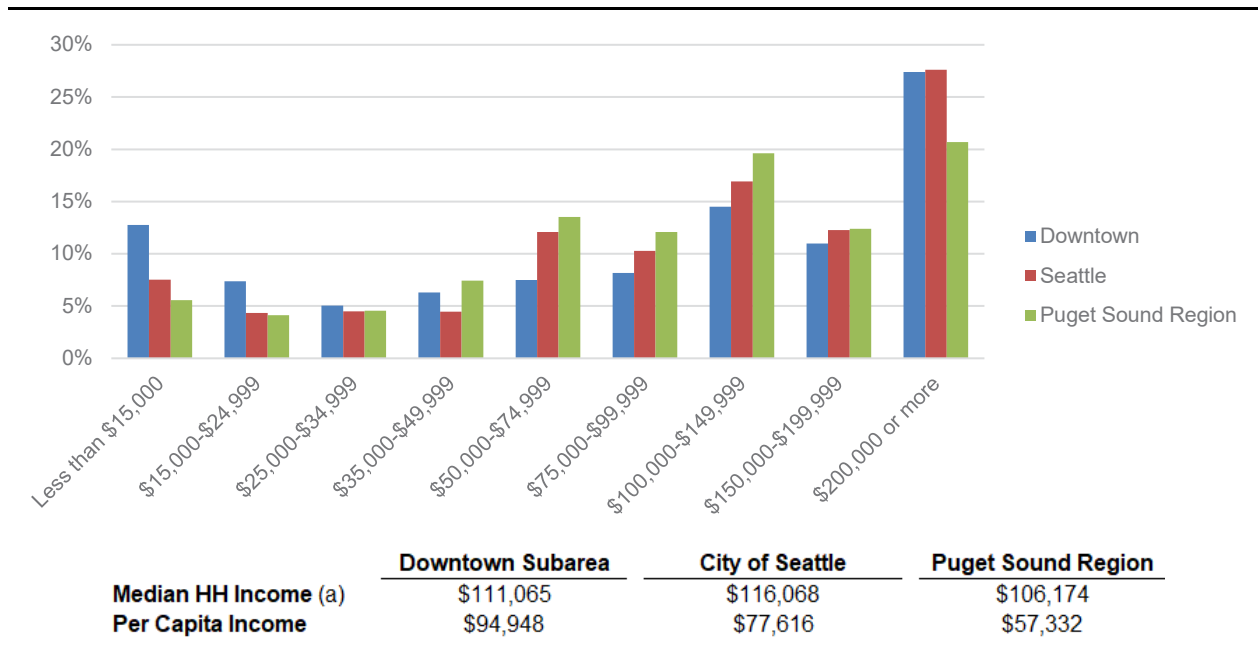
Subarea Geographies: Population numbers - UC Boundaries. Age - 2020 Census Block Groups.

## Income

Between 2018 and 2022, the median household income in the Downtown Regional Center was approximately \$111,100, slightly below the City’s median household income of \$116,100 and slightly above the Region’s median household income of \$106,200, according to the American Community Survey. However, as shown in Figure 2, the per capita income in Downtown was well above the per capita income of Seattle and the Puget Sound Region, at approximately \$95,000 compared to \$77,600 and \$57,300, respectively. This finding is in line with the Regional Center’s smaller household size and younger demographic, as there are likely more young professional single- person or two- person households without children.

There are significant differences in income across Downtown neighborhoods. More than half of downtown households reported earning over \$100,000 per year and more than a quarter of households make over \$200,000 per year. The Regional Center, however, has a larger share of lower- income households than the City or Region, with approximately 30 percent of households making less than \$50,000 per year, compared to approximately 21 percent in Seattle and 22 percent in the Puget Sound Region. Almost 13 percent of the households in Downtown made less than \$15,000 per year, well above the comparable share in the City and Region.

**Figure 2: Household and Per Capita Income, 2018- 2022**



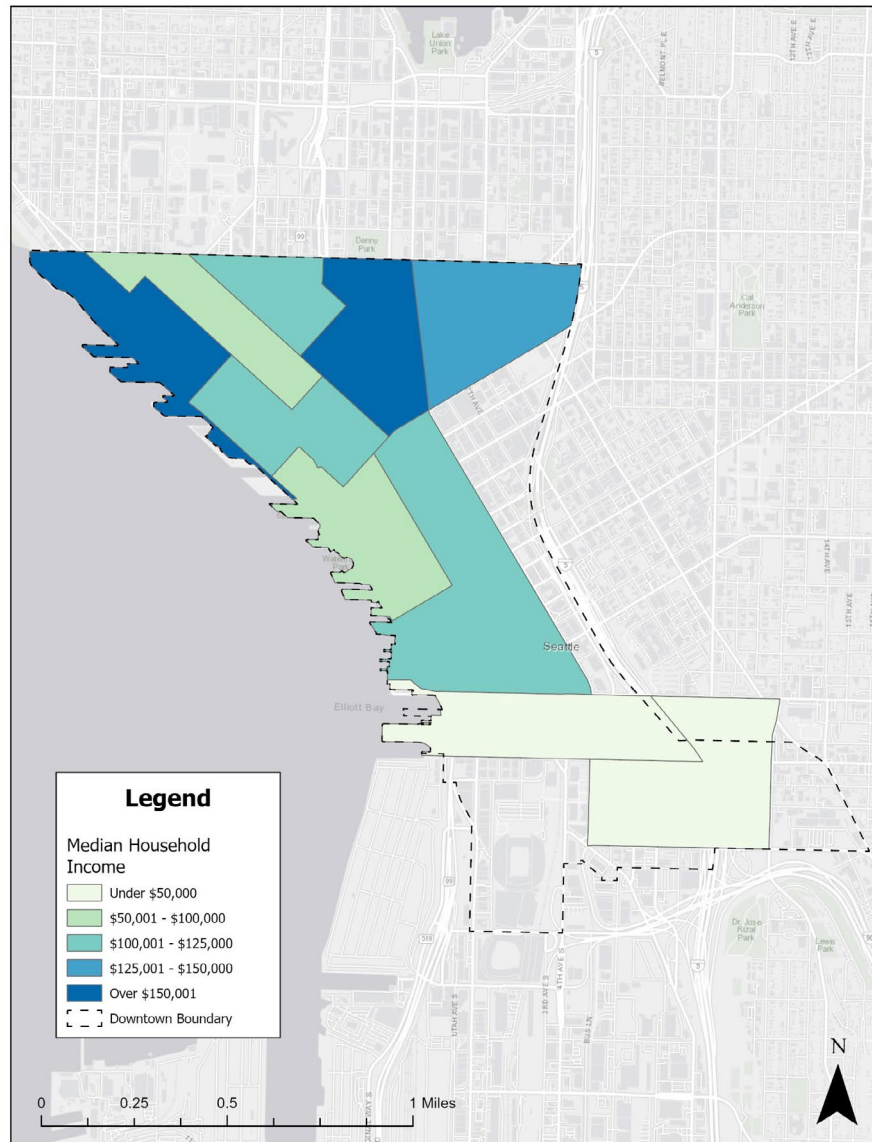
Notes:

(a) Median HH Income for Subarea calculated using a median income calculator.

Sources: U.S. Census Bureau, 2018- 2022 American Community Survey Tables B19001, B19013, and B19301; BAE, 2024.  
Subarea Geographies: 2020 Census Block Groups.

The median household income Downtown varies greatly by geography, as shown in Figure 3. The median household income was higher in the census tracts in the northern portion of the Regional Center (primarily Denny Triangle and parts of Belltown) than in the southern portion of the Regional Center (Pioneer Square and the Chinatown- International District). There is also a concentration of higher- income households in the northern portion of Downtown located near the growing technology hub in South Lake Union.

**Figure 3: Median Household Income, 2018-2022**



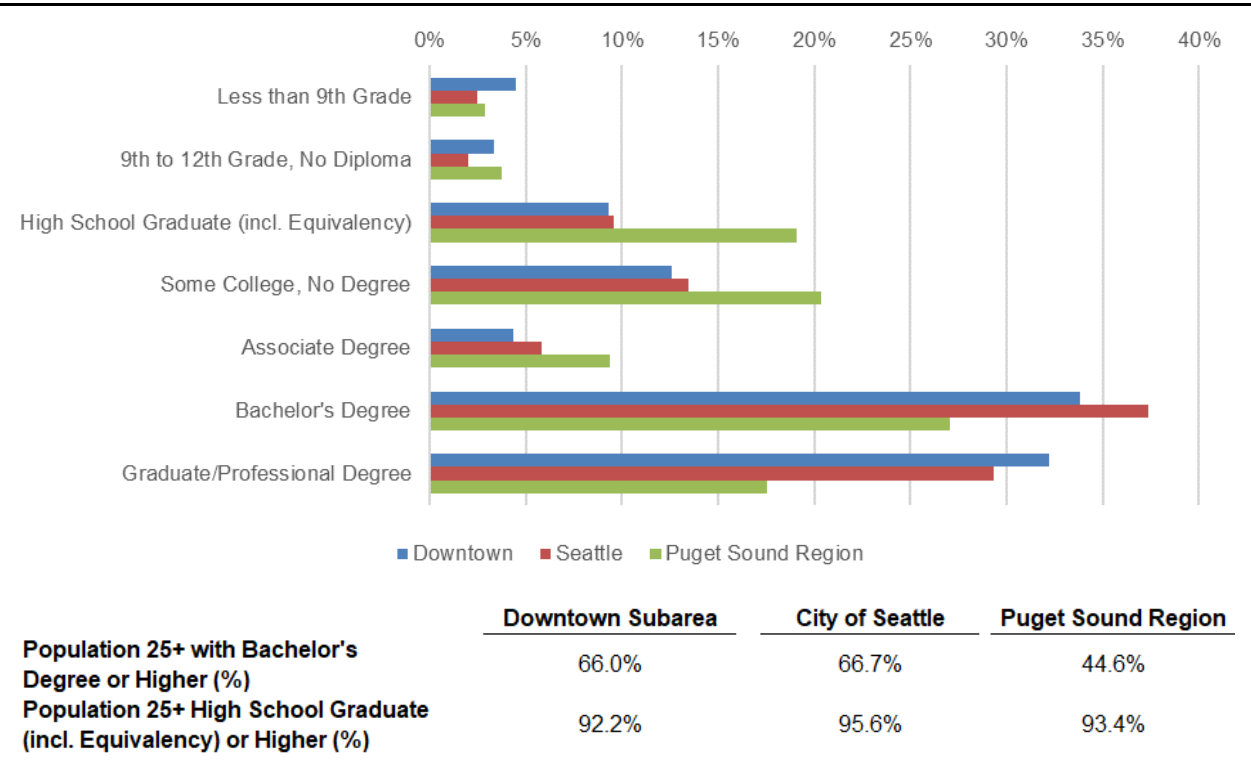
Sources: U.S. Census Bureau, 2018-2022 American Community Survey Table S1903; BAE, 2024.  
Subarea Geography: 2020 Census Tracts.

## Education

According to the US Census, between 2018 and 2022 Downtown residents had relatively high levels of educational attainment on average, on par with the Seattle residents overall with approximately 66 percent of residents over age 25 having a bachelor's degree or higher, and approximately 92 percent of residents over age 25 having a high school diploma or equivalency, as shown in Figure 4. Almost one third of Downtown residents over the age of 25 had a graduate or professional degree, slightly above the educational attainment rate in the City and well above the attainment rate in the

Region. Strikingly, there are no Seattle Public Schools within the Downtown Regional Center.

**Figure 4: Educational Attainment, Population Age 25+, 2018- 2022**



Sources: U.S. Census Bureau, 2018- 2022 American Community Survey Tables S1501 and B15002; BAE, 2024.  
 Subarea Geographies: 2020 Census Block Groups.

## Racial and Social Equity

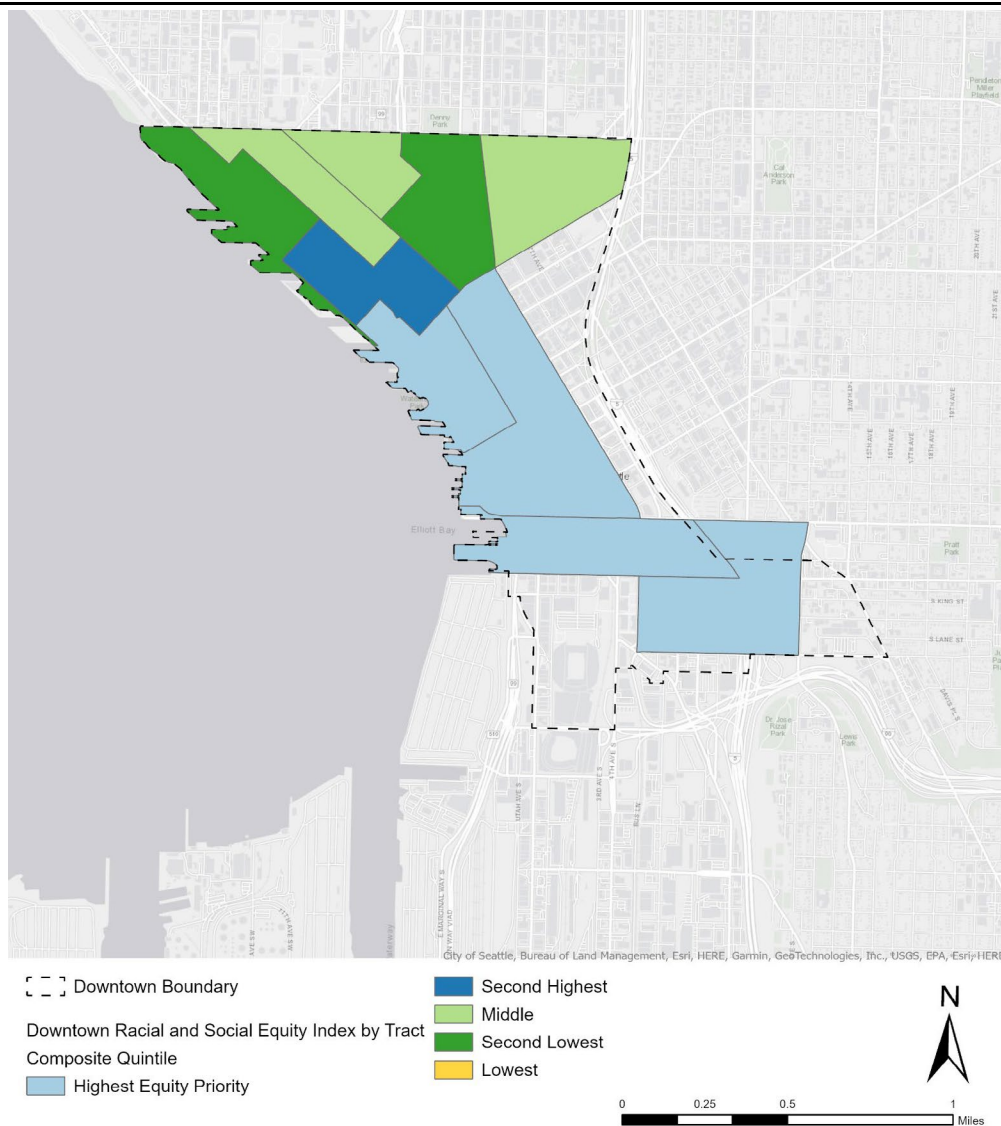
The City of Seattle has developed a composite racial and social equity index to *aid in the identification of City planning, program and investment priorities.*<sup>1</sup> This census tract tool was last updated in 2023 based on a variety of indicators, including metrics related to poverty, race and ethnicity, public health, disability status and other factors related to racial and socioeconomic equity as identified by the City. The three sub-indices that make up the composite index are:

- Race, English Language Learners & Origins Index (persons of color, English language learners, and foreign- born)
- Socioeconomic Disadvantage Index (poverty and education)
- Health Disadvantage Index (life expectancy, diabetes, obesity, poor mental health, asthma, and other disabilities)

<sup>1</sup> A full description of the data and methodology used to create this index is available at <https://data-seattlecitygis.opendata.arcgis.com/datasets/3a6bcc7fa4c14c4daabdb1cd8f329758/explore>

As shown in Figure 5, the Downtown Regional Center Area includes both “highest equity priority” neighborhoods (e.g., Pioneer Square and Chinatown- International District, which have a highest equity priority for all three sub- indices) and neighborhoods with relatively low equity priority rankings (e.g. Belltown and Denny Triangle). These disparities are reflected in the income inequality noted above and have implications for economic, housing, and real estate conditions and trends as described in the following sections.

**Figure 5: Racial and Social Equity Index: Equity Priority Ranking**



Source: City of Seattle, 2023; BAE, 2024.  
Subarea Geography: 2020 Census Tracts.

# Economic Conditions

As Seattle’s “preeminent” Regional Center,<sup>2</sup> Downtown has the city’s largest concentration of businesses and employment across economic sectors. Historically, Downtown Seattle has been an important driver of tax revenue for the City, including from sources like sales taxes, property taxes, and hotel taxes. These revenues are critical for the long- term provision of key services not just in and around Downtown, but citywide. The following section of the report profiles the Downtown economy with a focus on key sectors as identified by the City’s Office of Economic Development (OED<sup>3</sup>), the Downtown Activation Plan and the City’s Draft One Seattle Comprehensive Plan<sup>4</sup>.

## Jobs by Industry Sector

Downtown saw a substantial increase in employment between 2010 and 2020, with overall employment increasing by 42 percent, or over 60,000 jobs, from 143,237 to 203,477 (see Table 2). Downtown is the largest employment node in Seattle, accounting for 29 percent of the city’s jobs as of 2020.

Making up two- thirds of total 2020 jobs Downtown and 54 percent citywide, employment is dominated by the Services sector. This sector is also responsible for most of the employment growth Downtown and citywide, adding over 53,000 jobs Downtown and over 105,000 jobs in Seattle between 2010 and 2020.

More detailed sectoral data from the U.S. Census Longitudinal Employer- Household Dynamics program indicates that these service jobs are largely in the Professional, Scientific, and Technical Services sector and the Information sector, reflecting the strong high- tech economy of the Puget Sound Region.

The two other sectors with over 10 percent of total jobs Downtown are Finance, Insurance, and Real Estate (FIRE) and Government. Employment in these two sectors was stable over the 2010 to 2020 decade. Retail Trade and Wholesale Trade, Transportation, and Utilities (WTU) both showed job growth of nearly 40 percent over the 10- year period.

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<sup>2</sup> [www.seattle.gov/documents/Departments/OPCD/OngoingInitiatives/SeattlesComprehensivePlan/CouncilAdopted2020\\_NeighborhoodPlanning.pdf](http://www.seattle.gov/documents/Departments/OPCD/OngoingInitiatives/SeattlesComprehensivePlan/CouncilAdopted2020_NeighborhoodPlanning.pdf)

<sup>3</sup> <https://www.seattle.gov/office-of-economic-development/industries-and-workforce#:~:text=OED%20strategically%20focuses%20on%20the,sciences%2C%20health%20services%20and%20construction>

<sup>4</sup> <https://www.seattle.gov/documents/Departments/OPCD/SeattlePlan/OneSeattlePlanDraftPlan2024.pdf>

**Table 2: Jobs by Industry, 2010- 2020**

<b>Downtown Subarea</b>						
<b>Industry</b>	<b>2010</b>		<b>2020</b>		<b>Change, 2010-2020</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Construction/Resources	1,545	1.1%	3,449	1.7%	1,904	123.2%
Finance, Insurance, Real Estate (FIRE)	20,323	14.2%	20,819	10.2%	496	2.4%
Manufacturing	2,482	1.7%	2,457	1.2%	-25	-1.0%
Retail	7,193	5.0%	10,010	4.9%	2,817	39.2%
Services	82,569	57.6%	135,787	66.7%	53,218	64.5%
Wholesale Trade, Transportation, Utilities (WTU)	5,124	3.6%	7,072	3.5%	1,948	38.0%
Government	23,891	16.7%	23,705	11.6%	-186	-0.8%
Education	110	0.1%	134	0.1%	24	21.8%
<b>Total</b>	<b>143,237</b>	<b>100.0%</b>	<b>203,477</b>	<b>100.0%</b>	<b>60,240</b>	<b>42.1%</b>

<b>City of Seattle</b>						
<b>Industry</b>	<b>2010</b>		<b>2020</b>		<b>Change, 2010-2020</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Construction/Resources	20,108	3.9%	32,420	4.7%	12,312	61.2%
Finance, Insurance, Real Estate (FIRE)	35,425	6.9%	38,427	5.6%	3,002	8.5%
Manufacturing	27,527	5.4%	25,978	3.8%	-1,549	-5.6%
Retail	39,095	7.6%	92,039	13.3%	52,944	135.4%
Services	267,479	52.1%	372,713	53.9%	105,234	39.3%
Wholesale Trade, Transportation, Utilities (WTU)	30,934	6.0%	36,285	5.2%	5,351	17.3%
Government	48,713	9.5%	50,694	7.3%	1,981	4.1%
Education	44,511	8.7%	37,581	5.4%	-6,930	-15.6%
<b>Total</b>	<b>513,792</b>	<b>100.0%</b>	<b>691,359</b>	<b>100.0%</b>	<b>177,567</b>	<b>34.6%</b>

Note: Totals may not match sums due to rounding.

Sources: City of Seattle, 2020; BAE, 2024.

Subarea Geography: Regional Center Boundaries.

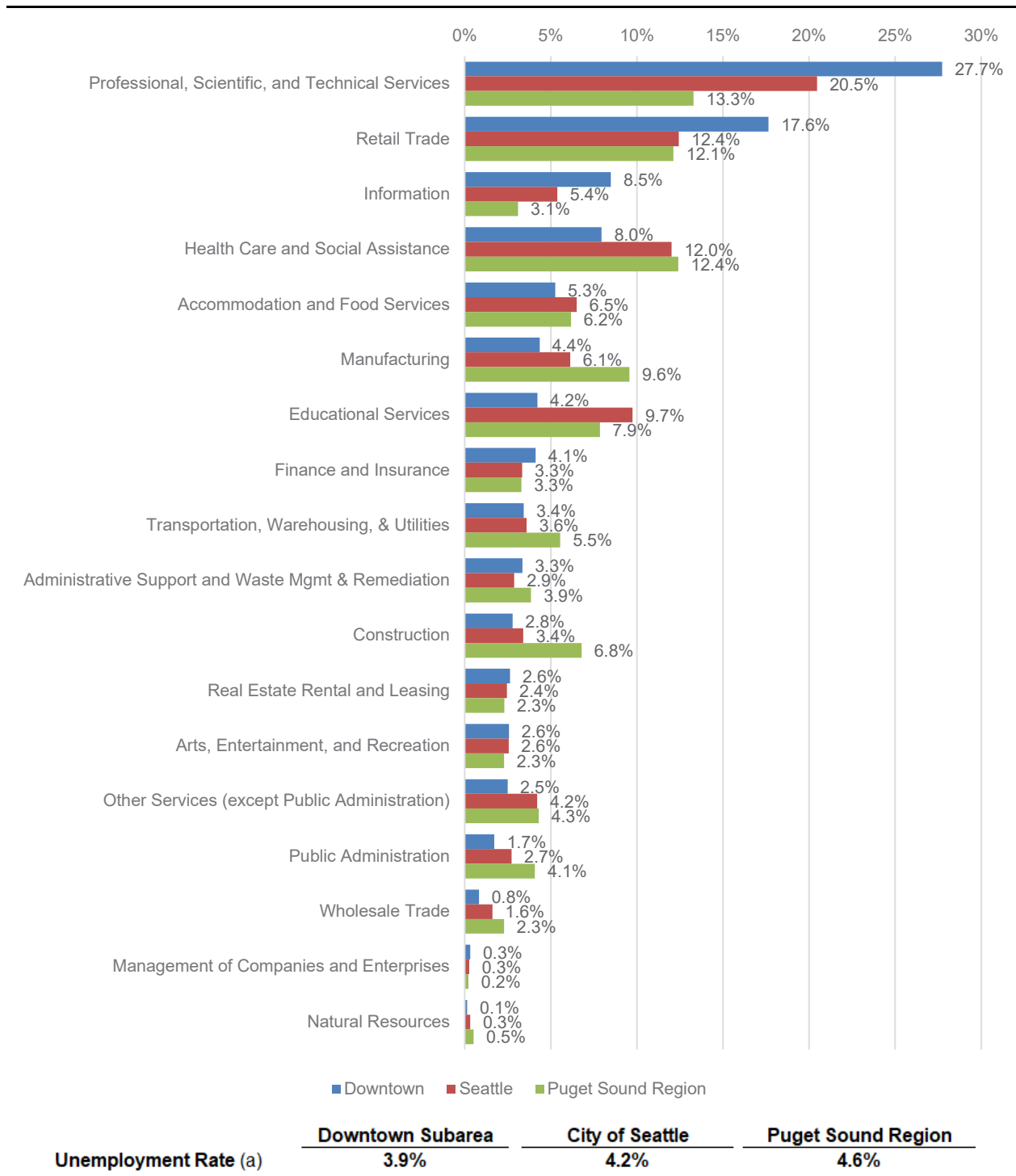
Major Employers located Downtown include private sector technology companies like Amazon, major retailers like Nordstrom and public- sector agencies such as the City of Seattle, King County, and the State of Washington. Despite the economic dislocation caused by the COVID- 19 pandemic, Downtown continues to attract businesses and long- time businesses such as Amazon continue to pursue expansion plans in and around the Downtown area.

## Resident Employment by Industry and Occupation

According to the American Community Survey, the top three industry sectors for employed residents of the Downtown between 2018 and 2022 were Professional, Scientific, and Technical Services at 28 percent of employed residents; Retail Trade at 18 percent of employed residents; and Information at eight percent of employed residents. The distribution by sector indicates that residents' jobs reflect the office and retail-based orientation of Downtown's economy, two sectors greatly impacted by remote work. As shown in Figure 6 on the following page, while the distribution of employed Downtown residents by major industry sector was generally aligned with the citywide distribution, the top three sectors noted above made up greater proportions of employment Downtown than for the city overall. Downtown had smaller proportions of residents working in Health Care and Social Assistance, Manufacturing, and Educational Services. The unemployment rates for residents living Downtown, Seattle, and the Region are low, with Downtown's rate of 3.9 percent below that for the city or region.



**Figure 6: Employed Residents by Industry, 2018- 2022**



Notes:

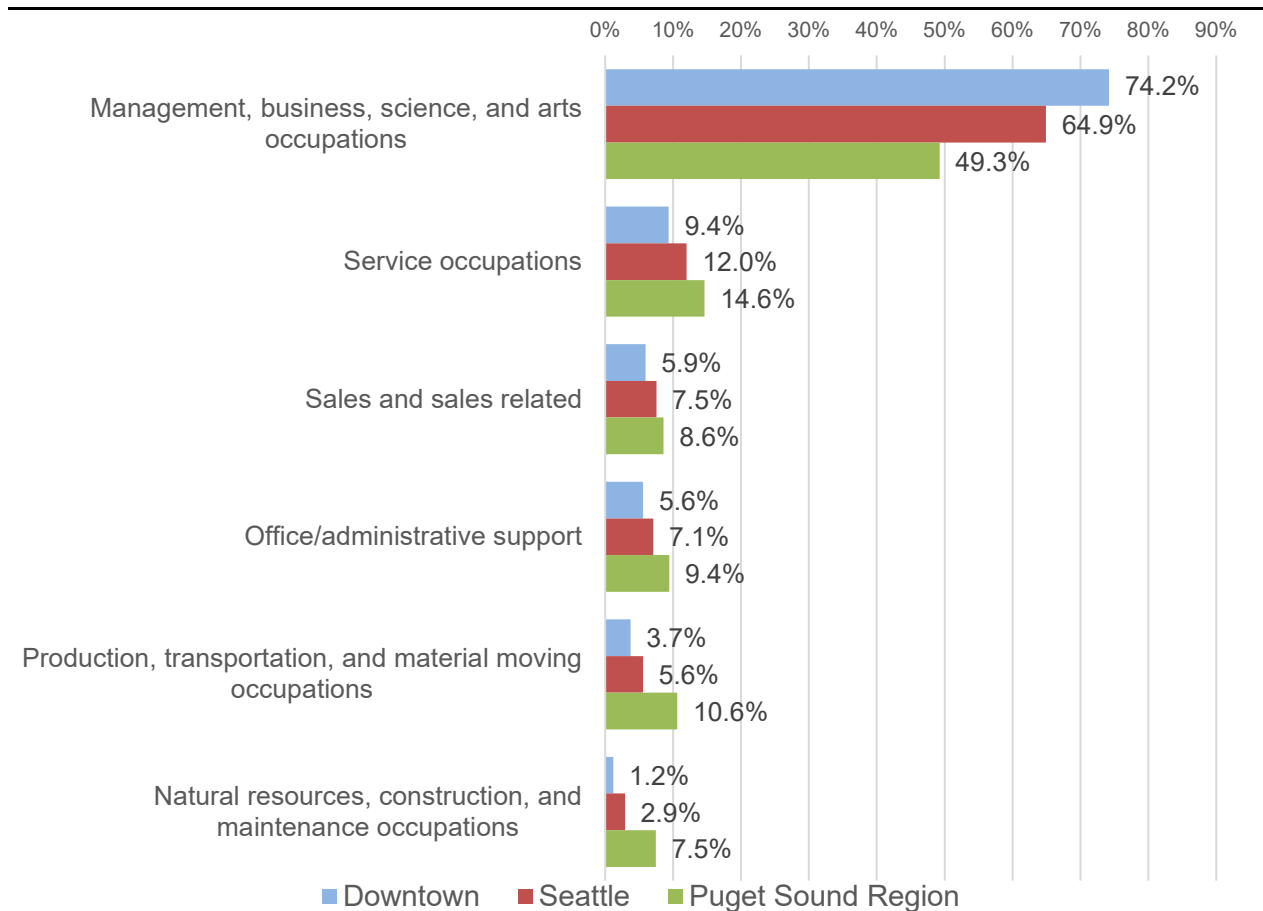
(a) Resident employment and unemployment rate for the population aged 16 years and over.

Sources: U.S. Census Bureau, 2018- 2022 American Community Survey Tables S2403, S2301, B24030, and B23025; BAE, 2024.

Subarea Geography: 2020 Census Block Groups.

The labor force in Downtown Seattle is strongly oriented toward professional occupations; nearly three- fourths of Downtown’s working residents are in management, business, science, and arts occupations, compared to only 65 percent citywide and less than 50 percent regionally (see Figure 7). Downtown has comparatively small proportions of residents in service, sales, and office/administrative, and extremely small proportions in traditional “blue collar” occupations such as construction, maintenance, production, and transportation.

**Figure 7: Employed Residents by Occupation, 2018- 2022**



Sources: U.S. Census Bureau, 2018- 2022 American Community Survey Table C24010; BAE, 2024.  
Subarea Geography: 2020 Census Block Groups.

## Downtown Workers by Race and Hispanic Origin

The race and Hispanic origin of workers employed Downtown reflect the overall mix for the workers living in the City or working in the City, with approximately 70 percent of primary jobs held by white residents, 18 percent held by Asian residents, six percent by Black residents, and the remainder across other groups (see Table 3). Between seven and eight percent of workers employed downtown are of Hispanic origin.

Downtown shows a higher proportion of Asian workers among those living there (who may be working anywhere, not just Downtown), and a lower proportion of working white residents. One- third of Downtown’s working residents are Asian, and 56 percent are white. The proportions of other resident race/ethnic groups are similar to that of those working Downtown or citywide and of employed residents of Seattle.

**Table 3: Downtown Workers and Employed Residents by Race and Ethnicity, 2021**

	Primary Jobs			
	Downtown Subarea		City of Seattle	
	Workers Living Downtown	Workers Employed Downtown	Workers Living in City	Workers Employed in City
<b>Jobs by Worker Race</b>				
White Alone	55.9%	70.8%	70.8%	69.5%
Black or African American Alone	6.6%	6.0%	6.0%	6.5%
American Indian or Alaska Native Alone	0.7%	0.7%	0.7%	0.8%
Asian Alone	33.0%	17.8%	18.0%	18.5%
Native Hawaiian or Other Pacific Islander Alone	0.3%	0.6%	0.4%	0.6%
Two or More Race Groups	3.5%	4.1%	4.1%	4.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Jobs by Worker Ethnicity</b>				
Not Hispanic or Latino	92.0%	92.7%	92.5%	91.8%
Hispanic or Latino	8.0%	7.3%	7.5%	8.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Note: Primary jobs only.

Sources: U.S. Census Bureau, OnTheMap Application and LEHD Origin- Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002- 2021); BAE, 2024.

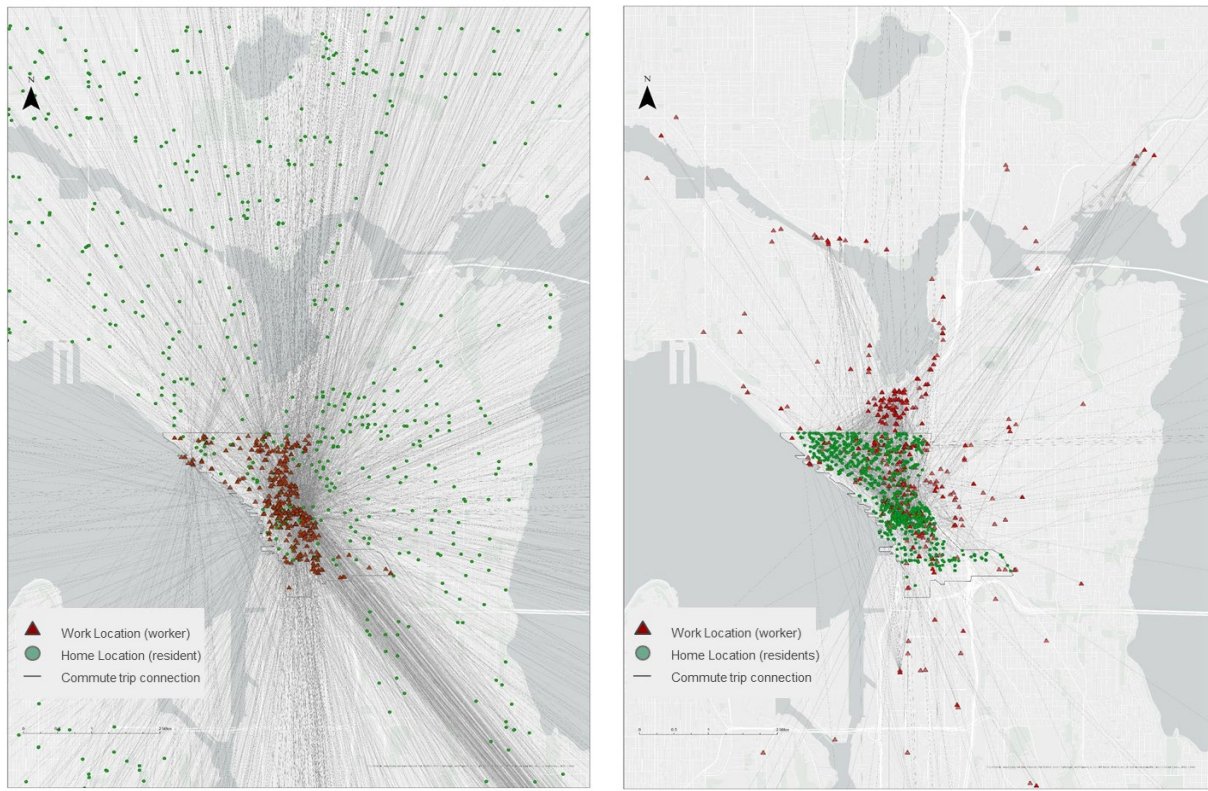
Subarea Geography: Regional Center Boundaries.

## Jobs/Employed Residents Balance and Commute Flows

Jobs far outnumber employed residents in the Downtown Subarea; there are over 200,000 jobs Downtown, and the ACS commute data shown in Table 4 below shows approximately 25,000 employed residents. As illustrated by the University of Washington Commute Survey data shown in Figure 8, Downtown residents also tend to work Downtown or nearby, especially in the adjacent South Lake Union neighborhood. Workers in- commute to Downtown from throughout Seattle and the region.

Downtown residents have an unusual mix of commute modes according to the ACS, as shown in Table 4 on the following page. Because of the tendency of Downtown residents to also work Downtown or nearby, a notably large proportion, 32 percent, usually walk to work, and only 20 percent drive or ride in a car, truck, or van. By comparison, the most common means of transportation to work citywide is in a car, truck, or van, and only nine percent of employed residents citywide walk to work. Nearly one- third of Downtown's employed residents work from home. It should be noted that this data spans the 2018 through 2022 period, during which commute patterns may have seen significant shifts due to the Covid- 19 pandemic. The University of Washington Commute Survey data shows generally similar patterns for respondents living Downtown, with some variation depending on weekday. The commute mode with the greatest variation by weekday was working from home, with almost half of respondents working from home on Mondays compared to one- third working from home on Thursdays.

**Figure 8: Inbound and Outbound Commute Trips, Downtown, 2022**



Note: The map on the left shows the inbound commute trips for worksites in the Downtown areas (N=4,668). The map on the right shows the outbound commute trips for Downtown residents (N=1,469). On both maps, the green dots represent the commuters home locations, the red triangle representing worksites and the gray lines represent the commute trip (connection) to show the volume of the trips and direction.

Sources: University of Washington, Seattle Commute Survey, 2022; BAE 2024.

**Table 4: Means of Transportation to Work**

Means of Transportation	Downtown Subarea		City of Seattle		Puget Sound Region	
	Number	Percent	Number	Percent	Number	Percent
<b>Car, Truck, or Van</b>	<b>5,051</b>	<b>19.9%</b>	<b>194,885</b>	<b>43.9%</b>	<b>1,528,875</b>	<b>69.2%</b>
Drove alone	4,551	18.0%	171,426	38.6%	1,340,026	60.7%
Carpooled	500	2.0%	23,459	5.3%	188,849	8.5%
<b>Public Transportation (a)(b)</b>	<b>3,573</b>	<b>14.1%</b>	<b>69,441</b>	<b>15.6%</b>	<b>150,011</b>	<b>6.8%</b>
<b>Walked</b>	<b>8,082</b>	<b>31.9%</b>	<b>41,016</b>	<b>9.2%</b>	<b>80,193</b>	<b>3.6%</b>
<b>Other (c)</b>	<b>567</b>	<b>2.2%</b>	<b>18,798</b>	<b>4.2%</b>	<b>45,840</b>	<b>2.1%</b>
<b>Worked from home</b>	<b>8,059</b>	<b>31.8%</b>	<b>120,179</b>	<b>27.0%</b>	<b>404,483</b>	<b>18.3%</b>
<b>Total (d)</b>	<b>25,332</b>	<b>100.0%</b>	<b>444,319</b>	<b>100.0%</b>	<b>2,209,402</b>	<b>100.0%</b>

Notes:

(a) Excludes taxicabs.

(b) Includes subways and elevated light railways.

(c) Includes taxicabs, motorcycles, bicycles, and other means.

(d) Totals may not match totals in other tables due to independent rounding.

Sources: U.S. Census Bureau, American Community Survey 2018- 2022 Table B08101; BAE, 2024.

Subarea Geography: 2020 Census Tracts.

## Small Business Conditions

Seattle's *Downtown Activation Plan* views small businesses as being a key component of a thriving downtown, providing ownership opportunities for entrepreneurs from diverse backgrounds and filling vacant retail, restaurant, and office spaces with thriving businesses serving Downtown's resident and worker population. Based on the data in Table 5, the average number of employees for private businesses located in the Downtown subarea is under 20 persons per business, indicating the presence of a large number of small firms. Many of the industry sectors have notably smaller average firm sizes; for example, Real Estate, Rental & Leasing businesses have an average of 10.1 employees per firm, and Administrative, Support & Waste Management Services businesses have an average of 10.4 employees per firm. Among the top sectors by number of total reported employees, Professional, Scientific & Tech Services businesses averaged 18.6 employees, Accommodation & Food Services averaged 22.9 employees, Retail Trade averaged 16.7 employees, and Other Services (except Public Administration) averaged 12.5 employees.

**Table 5: Business Types Summary, Downtown Subarea, 2023**

Business Type	NAICS Code	Businesses		Employees		Average Employees/ Business
		Number	% of Subarea Total	Number	% of Subarea Total	
Professional, Scientific & Tech Services	54	1,882	23.5%	35,047	22.9%	18.6
Accommodation & Food Services	72	723	9.0%	16,590	10.8%	22.9
Retail Trade	44-45	637	8.0%	10,643	6.9%	16.7
Other Services (except Public Administration)	81	604	7.5%	7,570	4.9%	12.5
Real Estate, Rental & Leasing	53	542	6.8%	5,483	3.6%	10.1
Finance & Insurance	52	531	6.6%	21,738	14.2%	40.9
Health Care & Social Assistance	62	440	5.5%	8,883	5.8%	20.2
Information	51	362	4.5%	8,965	5.8%	24.8
Public Administration	92	304	3.8%	14,154	9.2%	46.6
Administrative, Support & Waste Management Services	56	258	3.2%	2,694	1.8%	10.4
Construction	23	204	2.5%	2,718	1.8%	13.3
Arts, Entertainment & Recreation	71	129	1.6%	3,354	2.2%	26.0
Manufacturing	33	127	1.6%	4,059	2.6%	32.0
Transportation & Warehousing	48-49	119	1.5%	4,427	2.9%	37.2
Wholesale Trade	42	117	1.5%	2,319	1.5%	19.8
Educational Services	61	107	1.3%	2,162	1.4%	20.2
Agriculture, Forestry, Fishing & Hunting	11	17	0.2%	215	0.1%	12.6
Management of Companies & Enterprises	55	17	0.2%	1,169	0.8%	68.8
Mining	21	5	0.1%	44	0.0%	8.8
Utilities	22	2	0.0%	17	0.0%	8.5
Unclassified Establishments	99	879	11.0%	1,095	0.7%	1.2
<b>Total</b>		<b>8,006</b>	<b>100.0%</b>	<b>153,346</b>	<b>100.0%</b>	<b>19.2</b>

Notes: The table summarizes Esri Business Analyst's Business Summary, which utilizes 2023 Data Axle business information and 2020 Census block groups to allocate businesses to custom geographies. Learn more: <https://storymaps.arcgis.com/stories/0bcc5657bba04d8db928eab87232e124>

Sources: Esri Business Analyst, 2023; BAE, 2024  
Subarea Geography: Regional Center Boundaries.

The retail and food services sector is home to many small businesses, with an average reported size of 16.0 employees per business for the Downtown subarea, as shown in Table 6. For the largest employers Downtown by retail subsector, Food Services & Drinking Places (which employs nearly half of the larger retail/food services sector's workers) shows an average size of 15.3 employees per business, Sporting Goods, Hobby, Book, & Music Stores shows only 5.9 employees on average per business, and Food & Beverage Stores shows 10.4 employees on average per business. Two subsectors, Clothing, Clothing Accessories, Shoe and Jewelry Stores, and General Merchandise Stores, appear to be dominated by larger employers.

**Table 6: Retail Trade and Food Services Summary, Downtown, 2023**

Business Type	NAICS Code	Businesses		Employees		Average Employees/ Business
		Number	% of Subarea Total	Number	% of Subarea Total	
Food Services & Drinking Places	722	652	50.5%	9,991	48.4%	15.3
Sporting Goods, Hobby, Book, & Music Stores	451	185	14.3%	1,088	5.3%	5.9
Clothing, Clothing Accessories, Shoe and Jewelry S	448	139	10.8%	4,075	19.7%	29.3
Food & Beverage Stores	445	117	9.1%	1,211	5.9%	10.4
General Merchandise Stores	452	61	4.7%	2,697	13.1%	44.2
Furniture & Home Furnishings Stores	442	38	2.9%	403	2.0%	10.6
Building Material & Garden Equipment & Supplies I	444	33	2.6%	282	1.4%	8.5
Health & Personal Care Stores	446	32	2.5%	561	2.7%	17.5
Motor Vehicle & Parts Dealers	441	16	1.2%	112	0.5%	7.0
Electronics & Appliance Stores	443	15	1.2%	205	1.0%	13.7
Gasoline Stations & Fuel Dealers	447	2	0.2%	9	0.0%	4.5
<b>Total</b>		<b>1,290</b>	<b>100.0%</b>	<b>20,634</b>	<b>100.0%</b>	<b>16.0</b>

Notes:

The table summarizes Esri Business Analyst's Business Summary, which utilizes 2023 Data Axle business information and 2020 Census block groups to allocate businesses to custom geographies. Learn more: <https://storymaps.arcgis.com/stories/0bcc5657bba04d8db928eab87232e124>

Sources: Esri Business Analyst, 2023; BAE, 2024.

Subarea Geography: Regional Center Boundaries.

The U.S. Census Business Patterns program provides additional insights into the number of small businesses in the Downtown subarea (see Table 7). As of 2021, Zip Code Business Patterns shows that over two-thirds of the approximately 6,300 business establishments in the Downtown Zip Codes have less than 10 employees. Sectors where 70 percent or more of the businesses had fewer than 10 employees included Wholesale Trade, Retail Trade, Real Estate Rental & Leasing, Administration & Support & Waste Management & Remediation Services, Arts, Entertainment, & Recreation, and Other Services (except Public Administration).



**Table 7: Small Businesses in the Downtown Subarea**

NAICS	Industry Name	Total Establishments	Establishments with <10 employees	
			Number (a)	Percent
23	Construction	82	50	61%
31	Manufacturing	76	50	66%
42	Wholesale Trade	184	134	73%
44	Retail Trade	444	350	79%
48	Transportation & Warehousing	54	34	63%
51	Information	362	179	49%
52	Finance & Insurance	517	337	65%
53	Real Estate Rental & Leasing	518	403	78%
54	Professional, Scientific, & Technical Services	1,810	1,228	68%
55	Management of Companies & Enterprises	94	44	47%
56	Admin & Support & Waste Mngmnt & Remediation Services	282	203	72%
61	Educational Services	71	37	52%
62	Health Care & Social Assistance	494	330	67%
71	Arts, Entertainment, & Recreation	91	67	74%
72	Accommodation & Food Services	726	464	64%
81	Other Services (except Public Administration)	470	372	79%
<b>Total</b>		<b>6,275</b>	<b>4,282</b>	<b>68%</b>

Note:

Totals may differ from other sources. Excludes businesses with no wage or salary employee, e.g., sole proprietorships with no other staff.

(a) May exclude a small number of establishments for some sectors due to confidentiality rules.

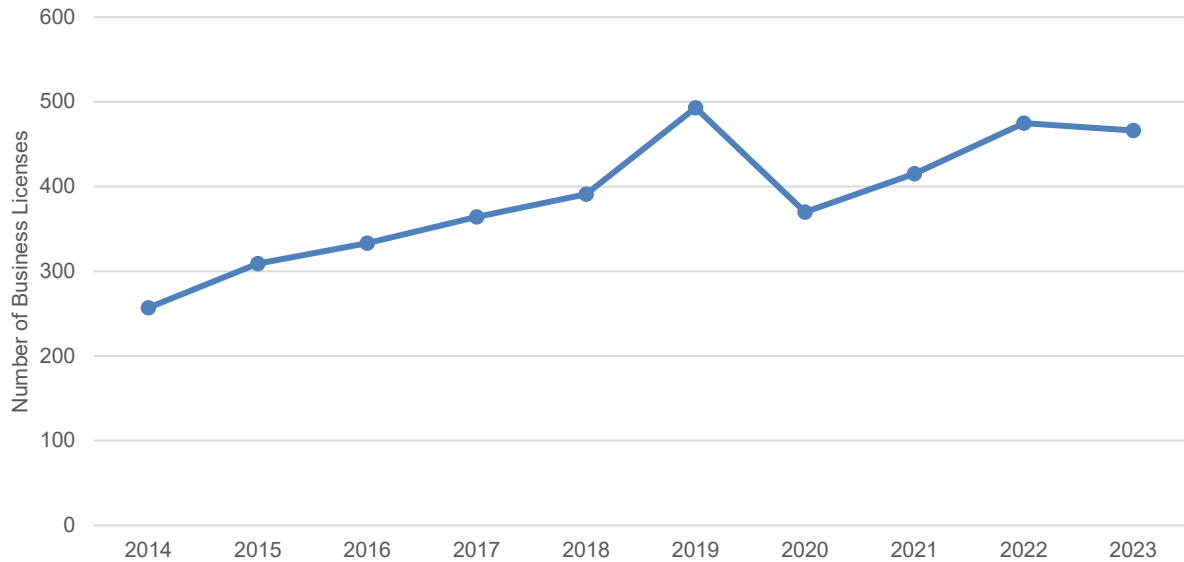
Sources: U.S. Census, Zip Code Business Patterns, 2021; BAE, 2024.

Subarea Geography: Zip Codes 98101, 98104, and 98121.

For a business to operate legally in Seattle, a city business license is required. As an indicator of the rate of business formation in Downtown Seattle, Figure 9 shows trends in the number of Seattle business licenses issued in recent years. The chart is limited to currently active businesses. It is likely that many of these businesses are small startup businesses. As shown, businesses continue to obtain business licenses at a relatively steady pace of over 400 applications annually, except for the pandemic year of 2020; however, even that year shows 370 business startups among still- active businesses. Of the approximately 3,900 active businesses that opened between 2014 and 2023, 55 percent have been in operation for at least five years. This indicates that Downtown businesses can achieve stability and longer- term success but does not account for the business that have opened and closed.



**Figure 9: Business License Applications, 2014- 2023, Downtown Subarea**



Note: Only includes currently active business; for instance, applications for businesses that were made in 2014 where the business has since closed are not shown here.

Sources: City of Seattle Business License Database, June 2024; BAE, 2024.

Subarea Geography: Regional Center Boundaries.

# Real Estate Market Conditions

As the region’s most important center for commercial activity, Downtown Seattle is also an important node for commercial real estate activity, as well as a growing hub for residential development. Beginning with an analysis of the Downtown housing market, the following section of the report profiles real estate market conditions and trends in Downtown compared to the City of Seattle.

## Housing Market and Needs Assessment

### Existing Housing Unit Characteristics

The Downtown Regional Center’s housing stock consists almost exclusively of multifamily housing units according to April 2024 data from the King County Assessor. By comparison, as shown in Table 8, multifamily units in the City of Seattle make up 62 percent of all housing units. The multifamily units Downtown are primarily apartments and condos/condos in apartment use. Approximately five percent of the housing units Downtown are congregate housing units, in line with the share of congregate units in the City.

**Table 8: Housing Unit Characteristics, April 2024**

Type of Residence	Downtown Subarea		City of Seattle	
	Number	Percent	Number	Percent
Single Family	3	0.0%	133,580	32.0%
Apartment	21,375	59.3%	171,945	41.2%
Condo	8,672	24.0%	37,741	9.0%
Condo in Apt Use	4,107	11.4%	15,893	3.8%
Townhouse	-	0.0%	23,392	5.6%
Congregate	1,821	5.0%	21,466	5.1%
Res-2-4 Unit	4	0.0%	12,571	3.0%
Res/Comm	80	0.2%	880	0.2%
<b>Total</b>	<b>36,062</b>	<b>100.0%</b>	<b>417,468</b>	<b>100.0%</b>
<b>Single Family Housing Units</b>	<b>3</b>	<b>0.0%</b>	<b>156,972</b>	<b>37.6%</b>
<b>Multifamily Housing Units</b>	<b>36,059</b>	<b>100.0%</b>	<b>260,496</b>	<b>62.4%</b>
<b>Average No. of Bedrooms</b>	<b>0.96</b>		<b>1.98</b>	
<b>Average Size (sf)</b>	<b>743</b>		<b>1,183</b>	

Sources: King County Assessor; BAE, 2024.

Subarea Geography: Regional Center Boundaries.

Downtown’s housing stock is relatively new compared to Seattle as a whole, with a median year built of 2011 compared to 1999 for the City. According to the King County Assessor, as shown in Table 9, as of April 2024 more than 75 percent of the housing

units Downtown were built after 2000, with ten percent of units built since 2020. In the City of Seattle, 48 percent of units were built after 2000, and nine percent of units were built after 2020.

**Table 9: Housing Units by Year Built, April 2024**

<b>Year Built</b>	<b>Downtown Subarea</b>		<b>City of Seattle</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
2020 or Later	3,497	9.7%	37,028	8.9%
2010-2019	15,361	42.6%	96,493	23.1%
2000-2009	8,292	23.0%	67,330	16.1%
1990-1999	4,778	13.2%	64,458	15.4%
1980-1989	2,941	8.2%	32,933	7.9%
1970-1979	671	1.9%	8,933	2.1%
1960-1969	450	1.2%	9,635	2.3%
1950-1959	58	0.2%	20,848	5.0%
1940-1949	10	0.0%	22,968	5.5%
1939 or Earlier	4	0.0%	56,842	13.6%
<b>Total</b>	<b>36,062</b>	<b>100.0%</b>	<b>417,468</b>	<b>100.0%</b>
<b>Median Year Built (a)</b>	<b>2011</b>		<b>1999</b>	

Sources: King County Assessor; BAE, 2024.

Subarea Geography: Regional Center Boundaries.

As shown in Table 10, Downtown’s households are primarily renters, with 81 percent of housing units being renter- occupied between 2018 and 2022, according to the American Community Survey. Downtown’s renter households represented a larger share of total households when compared to the City of Seattle and Puget Sound Region, with renter- occupied housing units making up 56 percent of the City’s total units, and just 39 percent of the Region’s total units. Between 2010 and 2022, the share of renter- occupied units shrank slightly in Downtown (by three percent) but grew in the City (by four percent) and Region (by two percent). These trends in Downtown Seattle are largely consistent with other growing central city neighborhoods in strong market cities in the United States such as, for example, Denver and San Diego.

**Table 10: Occupied Housing Units by Tenure, 2006- 2010 to 2018- 2022**

	2010		2022		% Change 2010-2022
	Number	Percent	Number	Percent	
<b>Downtown Subarea</b>					
Owner-Occupied	2,734	16.1%	4,633	19.2%	69.5%
Renter-Occupied	14,297	83.9%	19,543	80.8%	36.7%
<b>Total</b>	<b>17,031</b>	<b>100.0%</b>	<b>24,176</b>	<b>100.0%</b>	<b>42.0%</b>
	2010		2022		% Change 2010-2022
	Number	Percent	Number	Percent	
<b>City of Seattle</b>					
Owner-Occupied	137,085	48.9%	153,477	44.5%	12.0%
Renter-Occupied	143,368	51.1%	191,769	55.5%	33.8%
<b>Total</b>	<b>280,453</b>	<b>100.0%</b>	<b>345,246</b>	<b>100.0%</b>	<b>23.1%</b>
	2010		2022		% Change 2010-2022
	Number	Percent	Number	Percent	
<b>Puget Sound Region</b>					
Owner-Occupied	900,971	62.7%	1,020,582	61.0%	13.3%
Renter-Occupied	536,249	37.3%	651,145	39.0%	21.4%
<b>Total</b>	<b>1,437,220</b>	<b>100.0%</b>	<b>1,671,727</b>	<b>100.0%</b>	<b>16.3%</b>

Sources: 2006- 2010 and 2018- 2022 American Community Survey Table DP04; BAE, 2024.

Subarea Geography: 2020 and 2010 Census Tracts.

Between 2018 and 2022, Downtown had a residential vacancy rate of 13.4 percent, above the City's and Region's vacancy rates of 7.3 and 5.6 percent, respectively. As shown in Table 11, of Downtown's vacant units, 37 percent were available for rent, in line with the overall for rent vacancy rate in Seattle and above the for- rent vacancy rate for the Puget Sound Region. More than a quarter of the vacant units Downtown were reported as vacant for seasonal, recreational, or occasional use, compared to just 13 percent of units in Seattle and 18 percent of units in the Puget Sound Region. Downtown had a larger share of housing units that are rented but not occupied than the City or Region, at 17 percent compared to 13 percent and eight percent, respectively.

**Table 11: Housing Vacancy by Type of Vacancy, 2018- 2022**

<b>Downtown Subarea</b>	<b>Number</b>	<b>Percent</b>
For rent	1,497	37.3%
Rented, not occupied	693	17.2%
For sale only	175	4.4%
Sold, not occupied	120	3.0%
For seasonal, recreational, or occasional use	1,071	26.7%
For migrant workers	-	0.0%
Other vacant (a)	462	11.5%
<b>Total Vacant Housing Units</b>	<b>4,018</b>	<b>100.0%</b>
<b>Vacancy Rate</b>	<b>13.3%</b>	
<b>City of Seattle</b>	<b>Number</b>	<b>Percent</b>
For rent	10,067	37.0%
Rented, not occupied	3,404	12.5%
For sale only	1,883	6.9%
Sold, not occupied	1,089	4.0%
For seasonal, recreational, or occasional use	4,051	14.9%
For migrant workers	53	0.2%
Other vacant (a)	6,643	24.4%
<b>Total Vacant Housing Units</b>	<b>27,190</b>	<b>100.0%</b>
<b>Vacancy Rate</b>	<b>7.3%</b>	
<b>Puget Sound Region</b>	<b>Number</b>	<b>Percent</b>
For rent	29,639	29.9%
Rented, not occupied	8,177	8.2%
For sale only	7,521	7.6%
Sold, not occupied	5,670	5.7%
For seasonal, recreational, or occasional use	18,056	18.2%
For migrant workers	170	0.2%
Other vacant (a)	30,045	30.3%
<b>Total Vacant Housing Units</b>	<b>99,278</b>	<b>100.0%</b>
<b>Vacancy Rate</b>	<b>5.6%</b>	

Notes:

(a) Includes units vacant for other reasons, such as personal reasons of the owner, use by a caretaker or janitor, and boarded-up units not available for occupancy.

Sources: 2018- 2022 American Community Survey, U.S. Census Bureau Table B25004; BAE, 2024.  
Subarea Geography: 2020 Census Block Groups.

## Rental Housing Market Overview

The Downtown Regional Center has been a hub for multifamily residential development, with a large share of the City's units and significant growth over the last ten years. As of the fourth quarter of 2023, Downtown had approximately 22,900 multifamily rental units representing 13 percent of Seattle's total multifamily rental units, according to CoStar data summarized in Table 12. The multifamily rental vacancy rate Downtown was 6.8 percent, comparable to the rates in the City (7.3 percent) and the Region (6.7 percent). The average asking rent for rental apartments in Downtown was \$2,389 in the fourth quarter of 2023, an increase of 1.7 percent from the previous year and several hundred dollars above the average asking rent in Seattle and the Puget Sound Region. In the ten-year period between the first quarter of 2014 and the fourth quarter of 2023, approximately 8,700 units were built in Downtown, representing 14 percent of all new deliveries in the City and 7 percent of all new deliveries in the Region. As of the end of 2023, there were approximately 2,400 multifamily rental units under construction Downtown, according to CoStar, representing 16 percent of Seattle's under construction multifamily rental units and 8 percent of the Puget Sound Region's under construction units.

**Table 12: Multifamily Residential Market Summary, All Unit Sizes, Q4 2023**

<b>Multifamily Residential, All Unit Sizes</b>	<b>Downtown Subarea</b>	<b>City of Seattle</b>	<b>Puget Sound Region</b>
<b>Inventory (units), Q4 2023</b>	22,880	172,211	520,178
Occupied Units	21,303	159,288	477,033
Vacant Units	1,559	12,540	34,903
Vacancy Rate	6.8%	7.3%	6.7%
<b>Avg. Asking Rents, Q4 2022 - Q4 2023</b>			
Avg. Asking Rent, Q4 2022	\$2,350	\$1,925	\$1,863
Avg. Asking Rent, Q4 2023	\$2,389	\$1,939	\$1,885
% Change Q4 2022 - Q4 2023	1.7%	0.7%	1.2%
<b>New Deliveries (units), Q1 2014 - Q4 2023</b>	8,712	61,880	132,392
<b>Under Construction (units), Q4 2023</b>	2,354	15,126	29,828

Source: CoStar; BAE 2024.

Subarea Geography: Regional Center Boundaries.

## For- Sale Housing Market Overview

Between March of 2023 and March of 2024, the median sale price of downtown residential units was approximately \$615,000 per unit. The large majority of these units were condominium units in higher- density buildings. The average size of residential units sold in Downtown was 895 square feet. Nearly two- thirds of these units contained just one bedroom , with two- bedroom units accounting for the majority of the remaining sales, indicating that 97.5 percent of all units sold in the downtown area had two bedrooms or less. Roughly one- fourth of units sold in downtown sold for less than \$450,000, while the largest share of units (31 percent) sold for between \$450,000 and \$650,000 per unit. On a price per square foot basis, the average price per square foot was just above \$900 per square foot.

**Table 13: Home Sale Price Distribution, Downtown Subarea, March 2023- March 2024**

<b>Sale Price Range</b>	<b>1 BR</b>	<b>2 BR</b>	<b>3 BR</b>	<b>4+ BR</b>	<b>Total</b>	<b>Percent of Total</b>
Less than \$450,000	98	2	0	0	100	23.0%
\$450,000-\$649,999	119	16	0	0	135	31.0%
\$650,000-\$849,999	43	31	0	0	74	17.0%
\$850,000-\$1,499,999	10	72	6	0	88	20.2%
\$1,500,000 or more	5	28	5	0	38	8.7%
<b>Total Units Sold</b>	<b>275</b>	<b>149</b>	<b>11</b>	<b>0</b>	<b>435</b>	<b>100%</b>
<b>Percent of Total</b>	<b>77.9%</b>	<b>42.2%</b>	<b>3.1%</b>	<b>0.0%</b>	<b>123.2%</b>	
<b>Median Sale Price</b>	<b>\$495,000</b>	<b>\$983,000</b>	<b>\$1,450,000</b>	<b>n/a</b>	<b>\$615,000</b>	
<b>Average Sale Price</b>	<b>\$561,495</b>	<b>\$1,130,152</b>	<b>\$1,853,545</b>	<b>n/a</b>	<b>\$788,949</b>	
<b>Average Unit Size (SF)</b>	<b>657</b>	<b>1,275</b>	<b>1,718</b>	<b>n/a</b>	<b>895</b>	
<b>Median Price per SF</b>	<b>\$803</b>	<b>\$727</b>	<b>\$893</b>	<b>n/a</b>	<b>\$683</b>	
<b>Average Price per SF</b>	<b>\$977</b>	<b>\$876</b>	<b>\$1,026</b>	<b>n/a</b>	<b>\$913</b>	

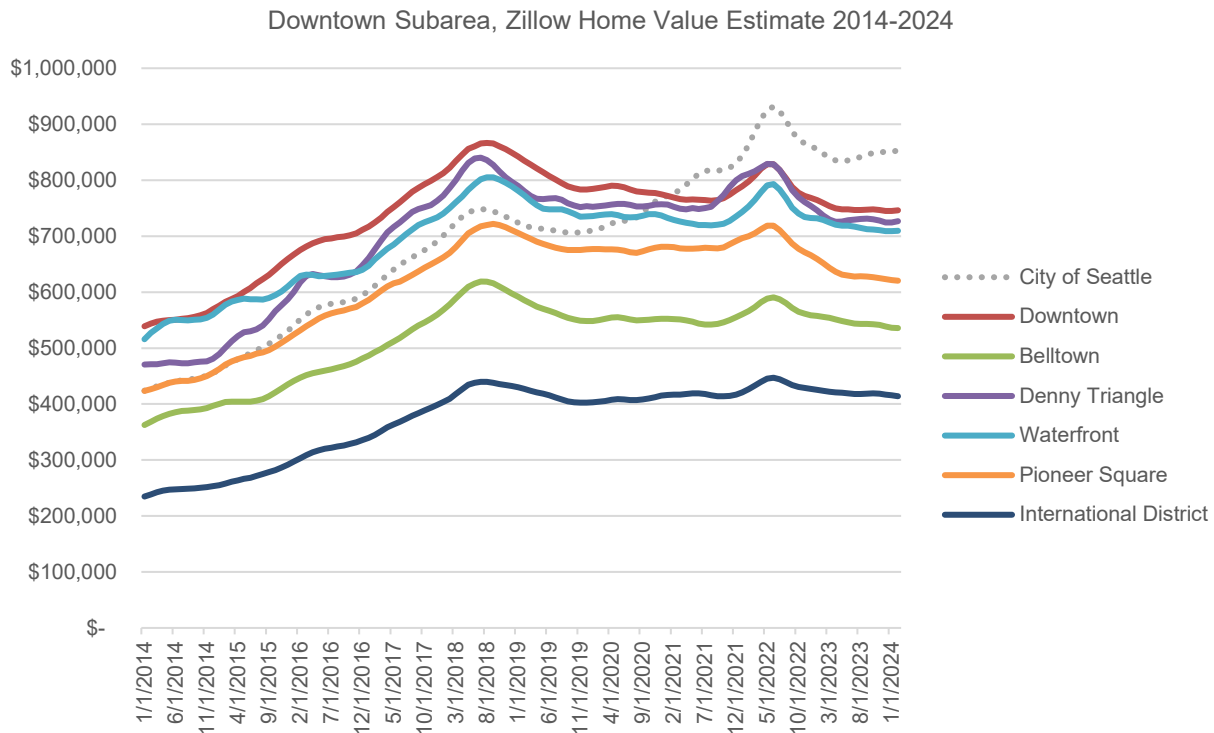
Note: Data reflect full and verified sales between March 18, 2023 to March 18, 2024.

Sources: ListSource, 2024; BAE, 2024.

Subarea Geography: Regional Center Boundaries.

According to Zillow, the estimated home value in Downtown neighborhoods have fallen since 2018, contrary to Citywide trends. As seen below in Figure 10, home values in all six neighborhoods that comprise the Downtown Regional Center area peaked in 2018, followed by significant declines until 2022 when there was a slight increase in home values throughout the downtown neighborhoods. Since 2022, however, the Zillow data indicate stable or declining home values. However, estimated home values in the City of Seattle have steadily increased over the last decade, reaching a peak in 2022. Despite a decrease in home value in 2023, potentially driven by increased interest rates, Seattle home values have increased steadily over the past four quarters.

**Figure 10: Home Value Trends, 2014- 2024**



Note: The Zillow Home Value Index is a measure of the typical home value and market changes across a given region and housing type. It reflects the typical value for homes in the 35th to 65th percentile range. Learn more: <https://www.zillow.com/research/methodology-neural-zhvi-32128/>

Sources: Zillow; BAE 2024.

According to the City’s residential development pipeline, there are approximately 4,025 residential units under construction. Aside from a limited number of units, all of the units are located in multifamily developments, whether that be rental apartments or for-sale condominiums. As Table 14 also demonstrates, the downtown area had nearly 6,600 new residential units delivered between 2018 and 2024, which represented a significant expansion of the housing inventory in downtown Seattle. Based on the geographic location of these projects, shown in Figure 11 below, it is evident that the majority of the new developments are located in the northern portion of the downtown area, including Belltown and the Denny Triangle neighborhoods. Denny Triangle was particularly ripe for residential development, as historically it was primarily for light industrial uses. It is unlikely that the Commercial Core and other office-focused areas will be able to accommodate the same density of residential development in the near future.



**Table 14: Residential Development Pipeline, Downtown Subarea, March 2024**

	<b>Downtown Subarea</b>			
	<b>Completed Since 2018 (a)</b>		<b>Under Construction (a)</b>	
	<b>Projects</b>	<b>Units</b>	<b>Buildings</b>	<b>Units</b>
<b>Multifamily</b>	34	6,557	17	4,016
<b>Townhouses/Rowhouses</b>	-	-	-	-
<b>Other (b)</b>	3	12	2	9
<b>Total</b>	37	6,569	19	4,025

Notes:

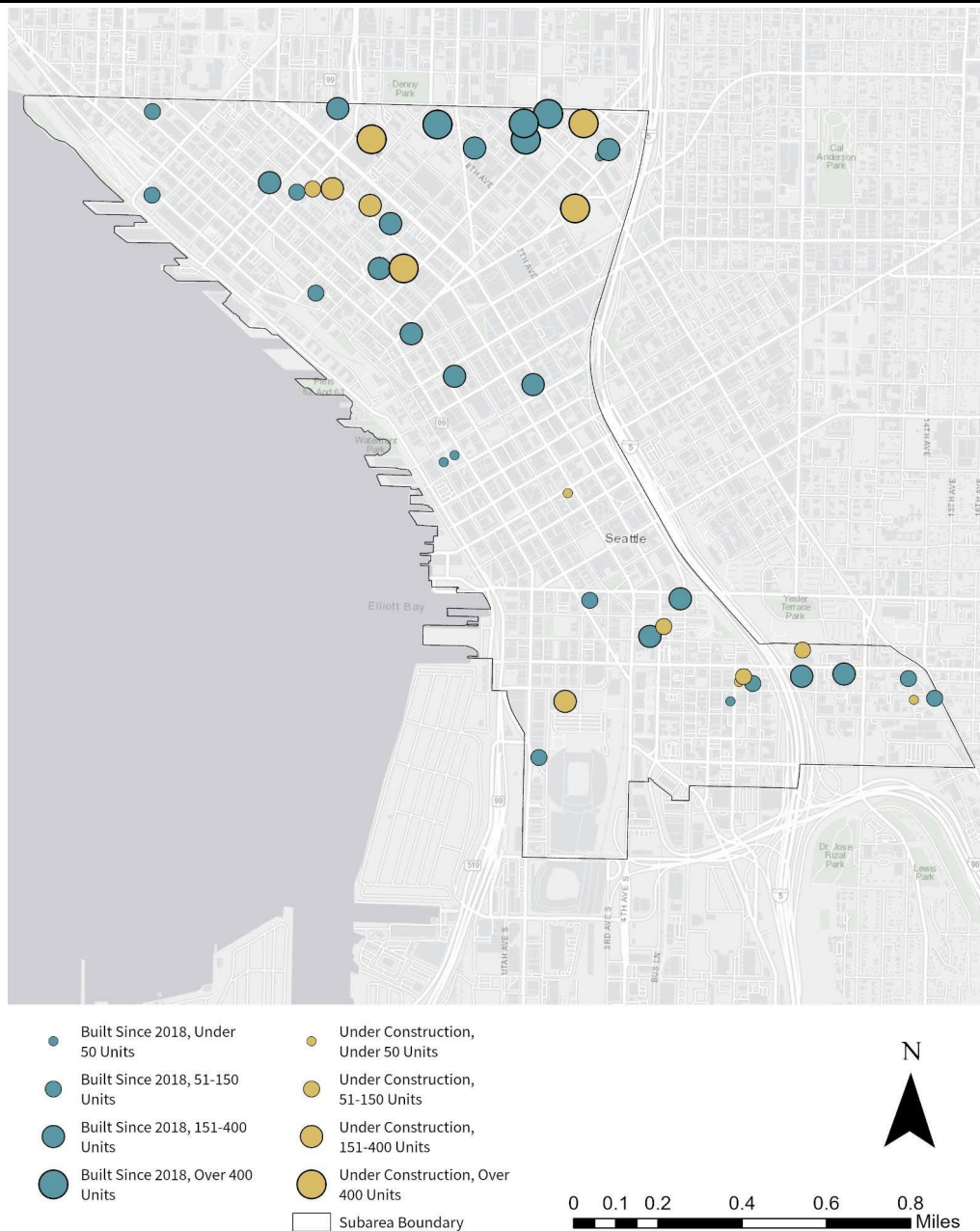
(a) The number of projects/units completed since 2018 is calculated using the "Year Finaled" column of the Building Permits data, summing all projects/units within a year of 2018 or later. Projects/units with no listed "Year Finaled" are counted as Under Construction.

(b) "Other" includes Accessory Live/Work units and other uncommon development types.

(c) This Development Pipeline only includes multi-family housing projects/units. Only permits for construction of two or more new units are included in the analysis to exclude projects where a single unit is split into two from the Development Pipeline.

Sources: City of Seattle Residential Building Permits Issued and Final since 1990; BAE, 2024.  
Subarea Geography: Regional Center Boundaries.

**Figure 11: Residential Development Pipeline Map, 2018 Onwards**



**Notes:**

(a) The number of projects/units completed since 2018 is calculated using the "Year Finaled" column of the Building Permits data, summing all projects/units with a year of 2018 or later. Projects/units with no listed "Year Finaled" are counted as Under Construction.

(b) This Development Pipeline only includes multi-family housing projects/units. Only permits for construction of two or more new units are included in the analysis to exclude projects where a single unit is split into two from the Development Pipeline.

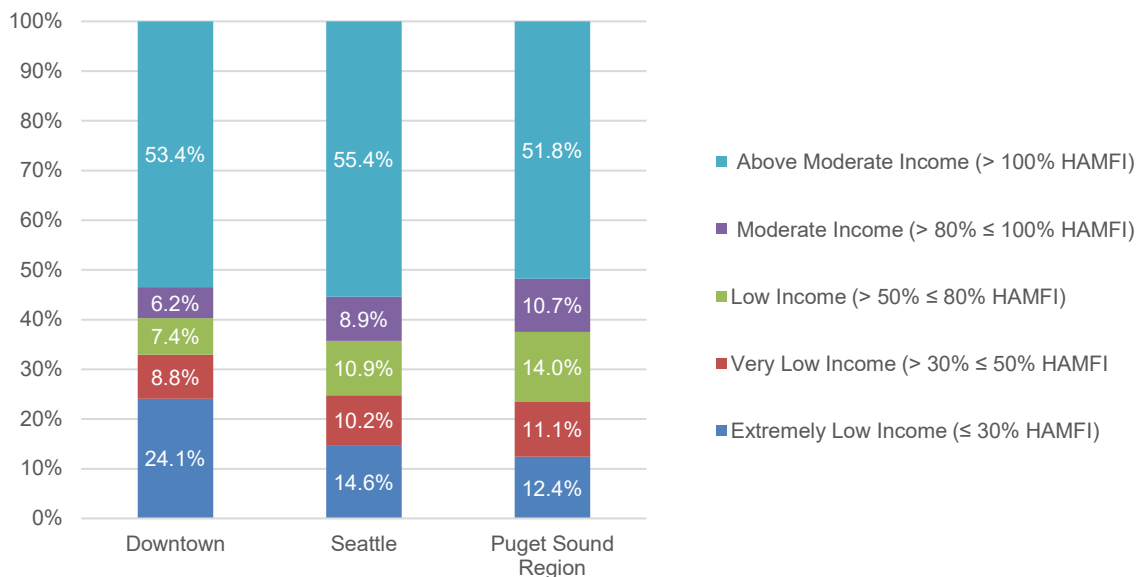
Sources: City of Seattle Residential Building Permits Issued and Final since 1990; BAE, 2024.

Subarea Geography: Regional Center Boundaries.

## Housing Needs Assessment

Based on CHAS data, the Downtown Regional Center contains nearly double the share of extremely low-income households relative to the City of Seattle and Puget Sound Region. As seen below in Figure 12, approximately 24 percent of downtown residents have extremely low incomes, defined as 30 percent or less of the HUD Area Median Family Income (HAMFI). These households only account for 14.6 percent and 12.4 percent in the City of Seattle and Puget Sound Region, respectively. By contrast, the downtown area contains a similar proportion of above moderate-income households, or those households with incomes above 100 percent of the HAMFI, relative to the City and Region, all with between 50 and 56 percent of existing households. As a result, downtown contains significantly fewer households with incomes between 30 percent and 100 percent of the area median income, or those considered Very Low-, Low-, and Moderate-income according to HUD.

**Figure 12: Households by Income Level, 2016-2020**

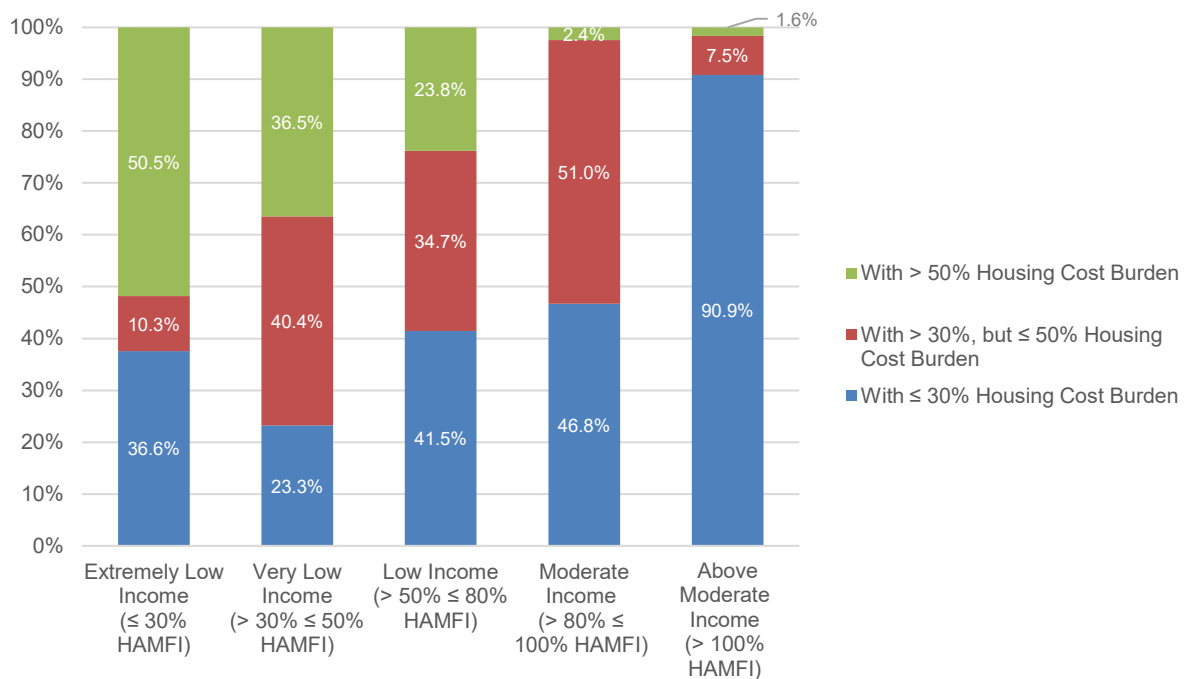


Sources: U.S. Department of Housing and Urban Development, 2016-2020 Comprehensive Housing Affordability Strategy (CHAS) data; BAE, 2024.  
Subarea Geography: 2020 Census Tracts.

Downtown households with lower incomes experience higher levels of housing cost burden, defined as paying more than 30 percent of household income on housing expenses, including rent or mortgage payments. As seen below in Figure 13, over half of extremely-low income households in downtown are extremely cost burdened, or pay more than 50 percent of their income on housing expenses, while another 10

percent experience modest cost burden by spending between 30 and 50 percent of their income on housing expenses. Interestingly, very low-income households, with incomes between 30 and 50 percent of the area median income, experience a greater degree of cost burden, with nearly 77 percent of these households paying more than 30 percent of income toward housing costs, nearly half of which pay more than 50 percent of income on housing costs. This highlights a potential need to support downtown households with incomes between 30 and 50 percent of the area median income in addition to those making under 30 percent of the area median income. Low-income households, or those with incomes between 50 and 80 percent of the area median income, experience less cost burden relative to households with lower incomes, but still nearly 60 percent of low-income households experience some cost burden, with a decent share paying more than 50 percent of income on housing costs. Moderate income households, or those between 80 and 100 percent of the area median income, experience slightly lower rates of cost burden, however over 50 percent of these households pay more than 30 percent of their income on housing costs, with only a small share of those paying more than 50 percent of income on housing costs. Lastly, above moderate-households, or those with household incomes above 100 percent of the area median income, experience a very limited amount of cost burden, with only nine percent of households paying more than 30 percent on housing costs.

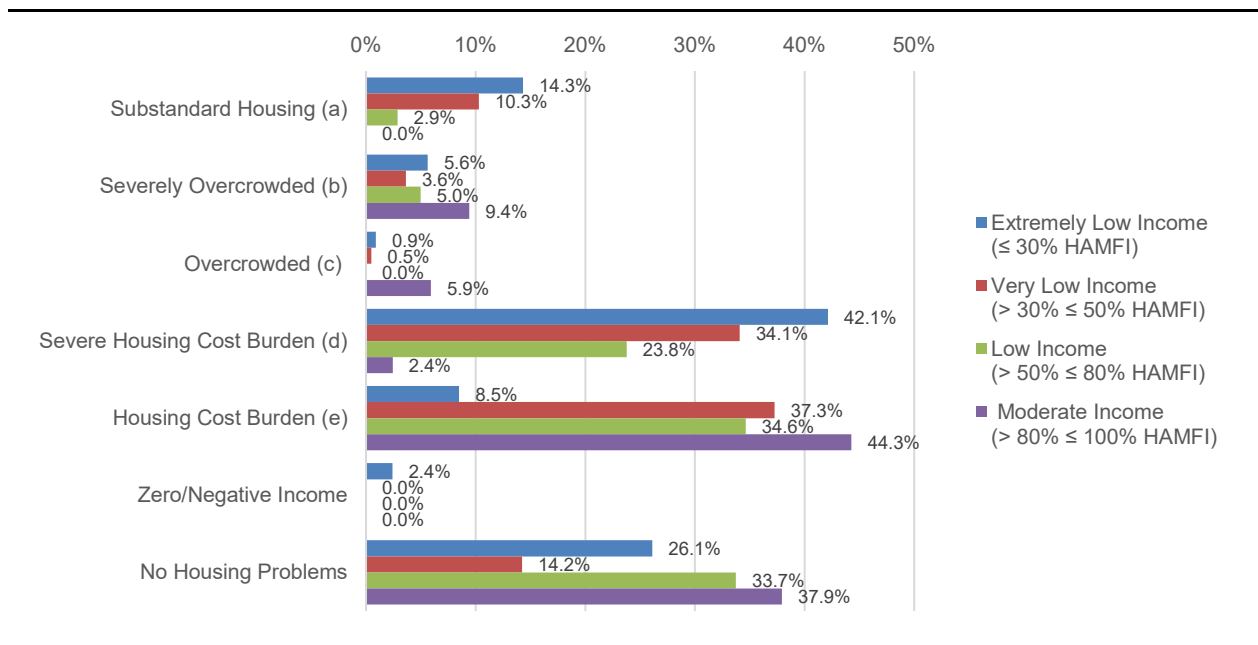
**Figure 13: Housing Cost Burden by Income Category, Downtown, 2016-2020**



Sources: U.S. Department of Housing and Urban Development, 2016-2020 Comprehensive Housing Affordability Strategy (CHAS) data; BAE, 2024.  
Subarea Geography: 2020 Census Tracts.

Based on a more detailed analysis of the CHAS data, shown below in Figure 14, it is evident that the housing cost burden challenges summarized above are the most significant housing problem faced by downtown households. Of the other housing problems, as defined by HUD, substandard housing accounts for the second most significant problem in downtown, with nearly 15 percent of extremely low-income households and ten percent of very low-income households living in substandard housing, defined as housing that lacks complete plumbing or kitchen facilities. Overcrowding, or households living with 1.0 persons per room or more, is also a housing problem facing some downtown households. As seen below, moderate-income households actually face the highest rate of overcrowding, at over 15 percent of all households, the largest share of which are severely overcrowded. This may highlight the need for housing affordable to moderate-income households, an income level typically unable to afford market-rate housing but with limited public resources to support units restricted for these income levels.

**Figure 14: Housing Problems by Income Level, Downtown, 2016-2020**



**Notes:**

Housing problems are listed from most severe to least severe, as ordered by HUD. Households may have multiple housing problems, but, for the purposes of this table, they are counted under their most severe housing problem.

(a) Lacking complete plumbing or kitchen facilities.

(b) Greater than 1.5 persons per room.

(c) 1.01 to 1.5 persons per room.

(d) Housing costs greater than 50% of gross income.

(e) Housing costs greater than 30% but less than 50% of gross income.

Sources: U.S. Department of Housing and Urban Development, 2016-2020 Comprehensive Housing Affordability Strategy (CHAS) data; BAE, 2024.

Subarea Geography: 2020 Census Tracts.

## Unhoused Population

According to the King County 2024 Point- in- Time (PIT) count, there were approximately 16,385 residents experiencing homelessness throughout the County. This represents a 23 percent increase over the previous PIT count conducted in 2022. Of the unhoused residents, approximately 60 percent were unsheltered, or roughly 10,000 residents. The other 40 percent were in shelters. Based on the demographics of the unhoused population, it is evident that African Americans experience the most significant disparity of homelessness with roughly 19 percent of all homeless residents falling into that racial category. By contrast, African Americans only represent six percent of the King County population, indicating a disproportionate share of African American residents are experiencing homelessness throughout the County. The King County Regional Homelessness Authority is currently analyzing the detailed summary results and will release a report with more geographic detail in July. Pending these more detailed results, the most recently reported point- in- time estimate of homelessness for the City of Seattle was in 2020, when out of a total of 11,751 persons counted in King County, 8,166, or 69 percent, were found in the City; slightly more than half of these city residents were sheltered rather than on the street.

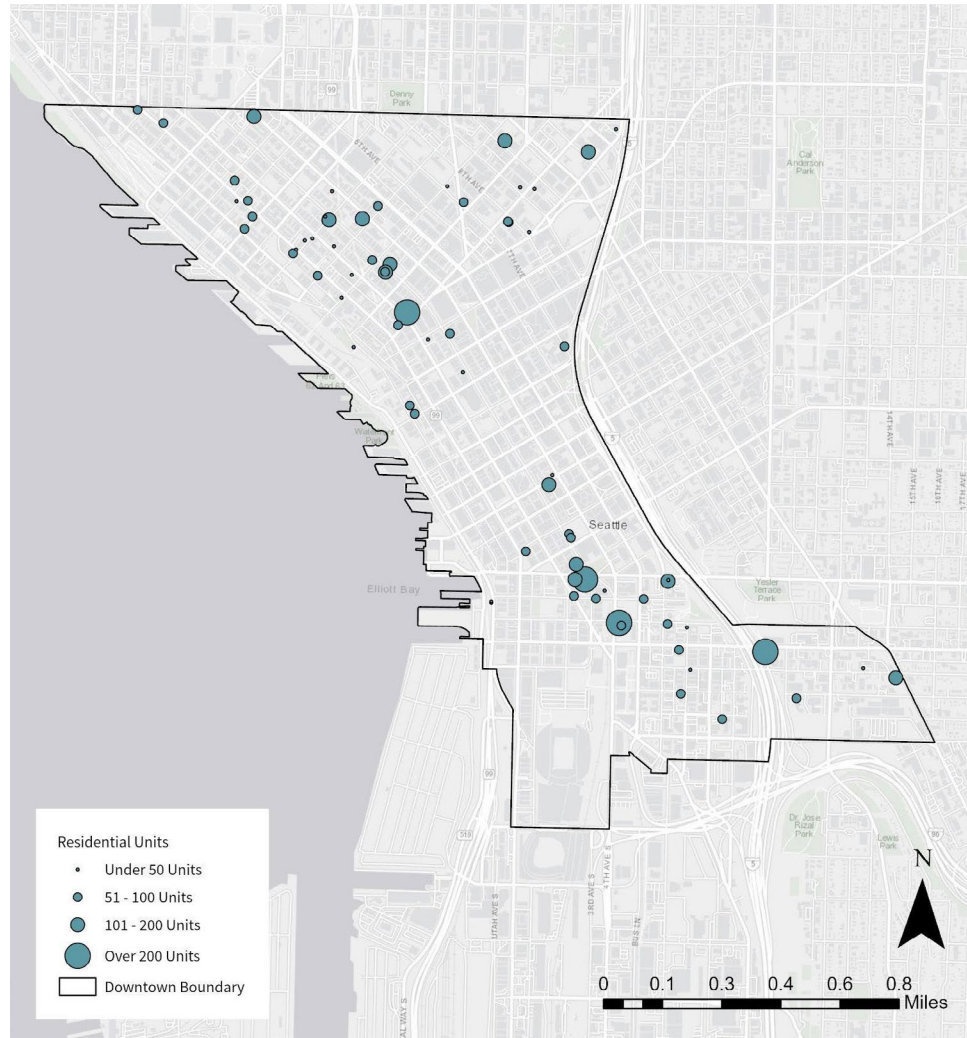
The 2020 Decennial U.S. Census also attempted to count the number of homeless people in shelters and encampments, and placed them in a group quarters category, “other noninstitutional group quarters.” This group quarters by type data is available down to the Census Block level in the PL94- 171 file, and thus is available per the same area definition used for the overall population data from the Office of Financial Management. The 2020 Census enumerated 8,483 persons citywide in the other noninstitutional group quarters category, somewhat lower than the 2020 point- in- time count of homeless persons, thus indicating a more conservative count, but with a likelihood that many if not most persons in this other noninstitutional category are homeless. As noted above in the general population discussion, approximately 2,260 individuals were found in this category in the Downtown subarea, suggesting a substantial presence of unhoused persons Downtown. The economic costs of serving the homeless population in Downtown Seattle are significant, and over the long- term resources would be more efficiently directed towards service- enriched supportive housing.

## Affordable Housing and Special Needs Housing Supply

Downtown Seattle has a substantial existing inventory of affordable residential properties. According to HUD's available LIHTC data, there are 76 projects within the Downtown Regional Center that received tax credits. As shown in Figure 15 below, the projects are primarily concentrated in Belltown, Pioneer Square, and the Chinatown-International District. The 76 LIHTC projects include a total of 6,163 total units, 94 percent of which are affordable, as summarized in Table 15. Of these buildings, 43 were new construction projects and 29 were acquisition/rehabilitation projects, many of which were hotel conversions.

Nationally, LIHTC projects are typically subject to a 30- year rent restriction after being placed in service, guaranteeing affordability for those 30 years. However, expired rent restrictions do not necessarily imply that the property is no longer affordable, just that the project is no longer monitored by HUD. Of the 76 projects Downtown, 15 have expired rent restrictions, with another ten projects' rent restrictions expiring in the next five years.

**Figure 15: LIHTC Unit Map, Downtown Seattle**



Notes: The number of units in each project on the map represents total units in each building, not just LIHTC units, as the number of low-income units was unavailable for three projects. However, for the majority of included projects, the units are 100% affordable.

Sources: United States Department of Housing and Urban Development LIHTC Database; BAE, 2024.  
Subarea Geography: Regional Center Boundaries.



**Table 15: LIHTC Project Summary, Downtown Subarea**

<b>No. of LIHTC Projects</b>	<b>76</b>
New Construction	43
Acquisition and Rehabilitation	29
Other (a)	4
<b>Total Units</b>	<b>6,163</b>
Affordable Units	5,789
Percent Affordable Units	93.9%
<b>Median Year Placed in Service</b>	<b>2003</b>
No. of Projects with 30-Year Rent Restriction Expired	15
No. of Projects with 30-Year Rent Restriction Expiring in Next 5 Years	10

Notes:

(a) Includes a combination of acquisition/rehabilitation and new construction, or existing buildings reapplying for tax credits.

Sources: United States Department of Housing and Urban Development LIHTC Database; BAE, 2024.  
Subarea Geography: Regional Center Boundaries.

According to the Downtown Activation Plan, as of the summer of 2023 the Seattle Office of Housing had 59 funded properties Downtown, many of which likely overlap with the LIHTC projects summarized in Table 15 above. These 59 projects included a total of 4,289 income and rent restricted units. There were an additional 3 properties including 244 new affordable units in the pipeline that will come to Downtown in the next several years, with more expected to be added.

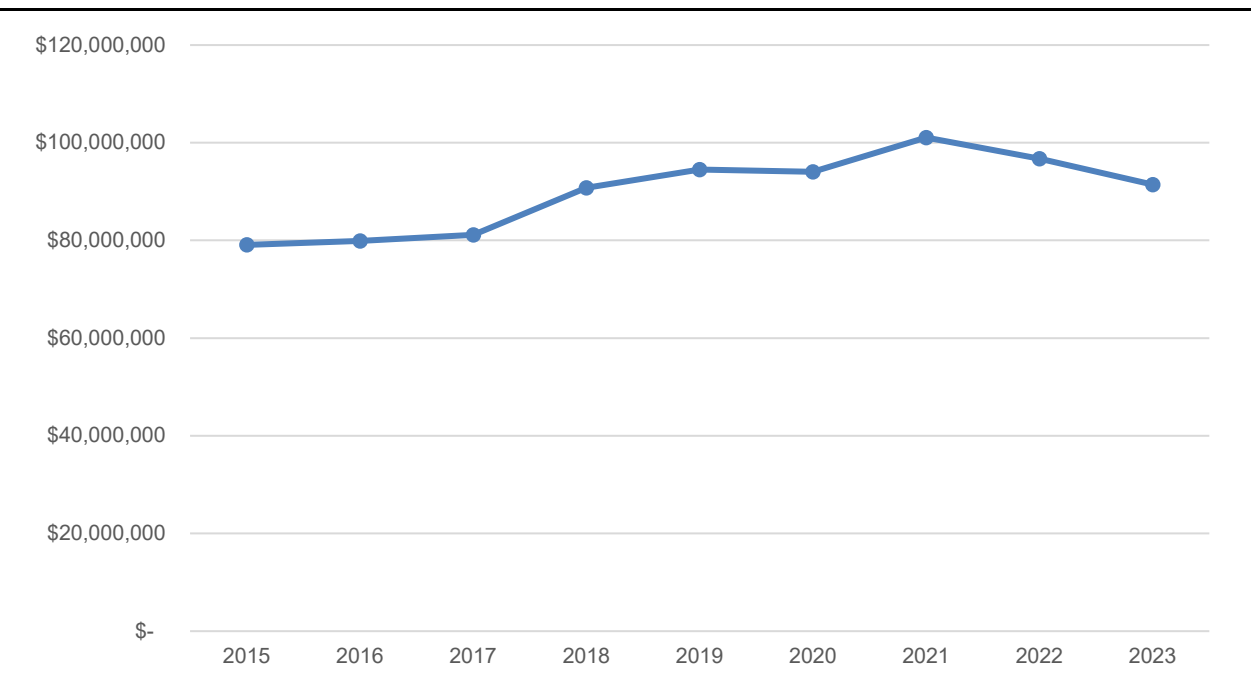
The City of Seattle’s Mandatory Housing Affordability (MHA) requirements for development will also aid in expanding the affordable housing inventory Downtown and throughout the city. New commercial and multifamily residential development in Seattle must either include affordable units in the development (performance option) or contribute to the Office of Housing’s affordable housing development fund (payment option). However, the funding raised by MHA requirements is incredibly sensitive to the broader development landscape. In 2023 the program brought in \$67 million, 15 percent below the \$75 million in 2022, due to a private development slowdown in the face of increasing construction costs and high interest rates.

# Commercial Real Estate Market Overview

## Retail & Food Service

In 2023 the retail sales in the City of Seattle generated approximately \$91,445,000 in sales tax revenue, as shown in Figure 16. Retail sales tax revenue grew between 2015 and 2021, reaching a peak of approximately \$101,062,000 in 2021 before declining in 2022 and 2023. In 2023, retail sales generated approximately 30 percent of total sales tax revenue in the City (\$311,693,704). This restructuring of the retail and food service sector is consistent with trends observe in other cities nationally; over the long- term sales tax revenues generated by traditional “brick and mortar” retail and food service businesses will likely continue to shrink relative to online and omni-channel businesses.

**Figure 16: Retail Sales Tax Revenue, City of Seattle, 2015- 2023**



Note: Adjusted to 2023 dollars using the Bureau of Labor Statistics Seattle- Tacoma- Bellevue Consumer Price Indexes for All Urban Consumers (CPI- U).

Source: City of Seattle; BAE, 2024.

Of the \$91,445,000 in retail sales tax revenue generated in the City of Seattle in 2023, 29 percent falls into the Sporting Goods, Hobby, Musical Instrument, Book, and Miscellaneous Retailers sales category, as shown in Table 16. This sales category is a catch-all for retailers that do not fall under one of the more specific categories, and includes online businesses like Amazon and Wayfair, as well as used goods, tobacco products, and pet supplies. The other top retail sales tax categories are: Motor Vehicles and Parts Dealers, generating 16 percent of revenue; Furniture, Home Furnishings, Electronics, and Appliance Retailers, generating 14 percent of revenue; and General Merchandise Retailers, generating 13 percent of revenue.

**Table 16: Retail Sales Tax Revenue by Sales Category, 2023**

<b>Sales Category</b>	<b>2023 Total</b>
Motor Vehicle and Parts Dealers	\$14,488,786
Building Material and Garden Equipment and Supplies Dealers	\$ 5,833,661
Food and Beverage Retailers	\$ 5,767,835
Furniture, Home Furnishings, Electronics, and Appliance Retailers	\$12,604,672
General Merchandise Retailers	\$12,121,909
Health and Personal Care Retailers	\$ 4,784,329
Gasoline Stations and Fuel Dealers	\$ 1,540,434
Clothing, Clothing Accessories, Shoe, and Jewelry Retailers	\$ 7,467,285
Sporting Goods, Hobby, Musical Instrument, Book, and Miscellaneous Retailers	\$26,835,587
<b>Total</b>	<b>\$91,444,497</b>

Source: City of Seattle; BAE, 2024.

According to available CoStar data, as of the end of 2023 Downtown had just under 6.4 million square feet of retail space comprising 19 percent of Seattle’s total retail inventory. The retail vacancy rate in the Downtown Regional Center was above that of the City and Region, at 9.4 percent compared to 4.0 percent and 3.0 percent, respectively. Downtown saw negative net absorption of 630,300 square feet of retail space between Q1 2014 and Q4 2023, more than the total negative net absorption in the City of Seattle. Over the same time period, the Puget Sound Region experienced positive net absorption of over 6 million square feet of retail space. As of the end of 2023, CoStar reports that there was no new retail under construction within the City of Seattle.

**Table 17: Retail Market Summary, Q4 2023**

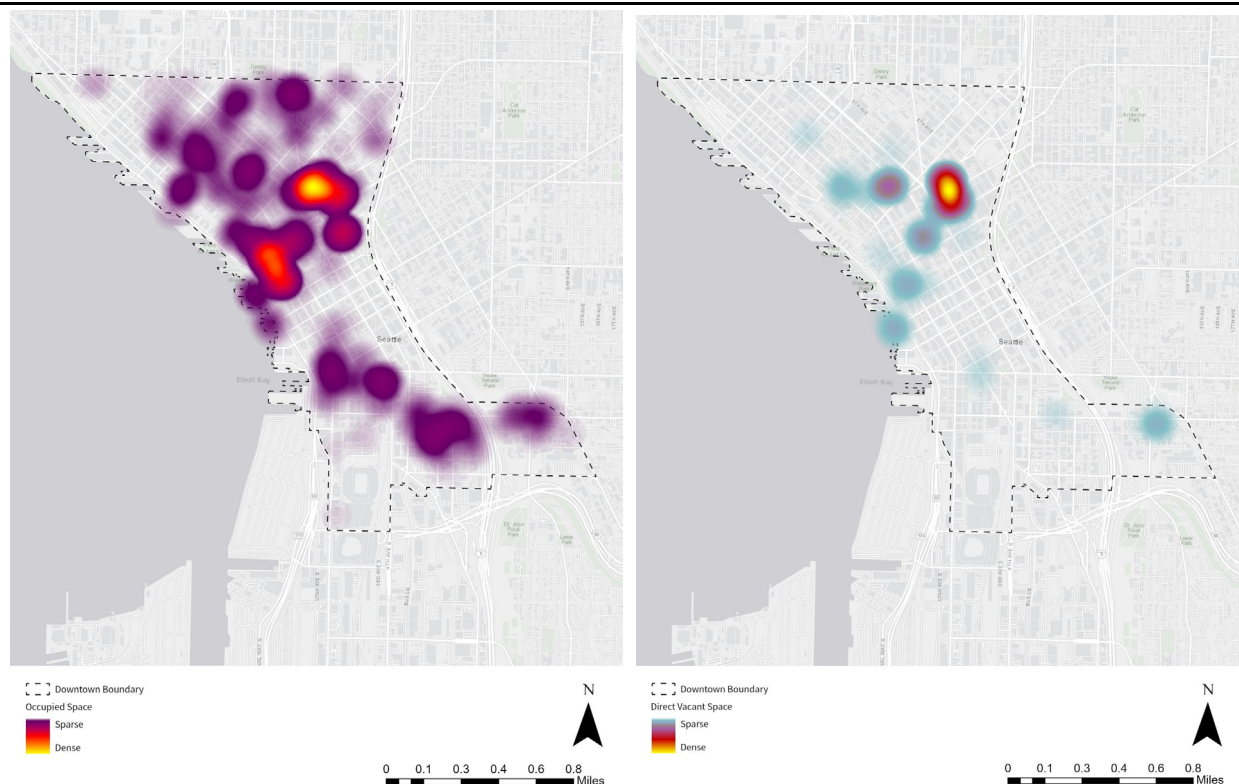
<b>Retail</b>	<b>Downtown Subarea</b>	<b>City of Seattle</b>	<b>Puget Sound Region</b>
<b>Inventory (sf), Q4 2023</b>	6,372,612	34,118,394	196,381,517
Inventory (% of City)	18.7%	100.0%	-
Inventory (% of Region)	3.2%	17.4%	100.0%
Occupied Stock (sf)	5,773,007	32,754,714	190,420,282
Vacant Stock (sf)	599,605	1,363,680	5,961,235
Vacancy Rate	9.4%	4.0%	3.0%
<b>Avg. Asking NNN Rents</b>			
Avg. Asking Retail Rent (psf), Q4 2022	\$2.01	\$2.27	\$1.93
Avg. Asking Retail Rent (psf), Q4 2023	\$2.09	\$2.25	\$1.95
% Change Q4 2022 - Q4 2023	4.0%	-0.9%	1.0%
<b>Net Absorption</b>			
Net Absorption (sf), Q1 2014 - Q4 2023	(630,269)	(612,386)	6,451,438
Net Absorption (sf), Q1 2023 - Q4 2023	(26,596)	(126,050)	(456,552)
<b>New Deliveries (sf) Q1 2014 - Q4 2023</b>	101,100	2,162,631	8,253,470
<b>Under Construction (sf), Q4 2023</b>	-	-	502,144

Sources: CoStar; BAE, 2024.

Subarea Geography: Regional Center Boundaries.

As of March 2024, the occupied retail inventory Downtown was dispersed across the Regional Center, with high concentrations near Pike Place Market and on the Pine Street commercial corridor, as shown in Figure 17 below. Vacant retail space however was concentrated on and around Pine Street, with a large amount of vacancy at Pacific Place and surrounding retail properties. It is worth noting that while a retail space may be leased or occupied, the space is not necessarily operational and could contribute to the perception of retail vacancy Downtown.

**Figure 17: Retail Occupancy and Vacancy Heatmaps, March 2024**



Sources: CoStar; BAE, 2024.

Subarea Geography: Regional Center Boundaries.

## Neighborhood Retail Market Potential

Brokers and developers contacted for this report commented that demand for new retail space is constrained both by market conditions and by ongoing concerns about cleanliness and safety in the Downtown core. At the same time, as more residents and jobs are added to the Downtown area over the next twenty years, stakeholders do see opportunities for adding new local and visitor-serving retail, particularly in the food service and fitness/health and wellness categories.

## Office

The Downtown Regional Center is the office core for the City of Seattle, with significant growth over the last ten years. As of the end of 2023, according to CoStar, Downtown had almost 60 million square feet of office space comprising 56 percent of Seattle’s total office inventory and 25 percent of the Puget Sound Region’s inventory. As shown in Table 18, the office vacancy rate Downtown was higher than in the City of Seattle or Puget Sound Region, at 21 percent compared to 17 percent and 14 percent, respectively. Over the last ten years Seattle had positive net absorption of over 11 million square feet, 33 percent of which was within the Downtown area. However, in 2023 Seattle experienced overall negative net absorption of 4.0 million square feet, 63 percent of which was in the Downtown Regional Center. Between the first quarter of 2014 and the fourth quarter of 2023 there was 11.7 million square feet of new office space built Downtown, with another 928,700 square feet of office space under construction as of the end of 2023.

**Table 18: Office Market Summary, Q4 2023**

Office	Downtown Subarea	City of Seattle	Puget Sound Region
<b>Inventory (sf), Q4 2023</b>	59,988,557	107,998,688	238,147,699
Inventory (% of City)	55.5%	100.0%	-
Inventory (% of Region)	25.2%	45.3%	100.0%
Occupied Stock (sf)	47,107,091	89,804,592	205,509,608
Vacant Stock (sf)	12,881,466	18,194,096	32,638,091
Vacancy Rate	21.5%	16.8%	13.7%
<b>Avg. Asking Office Gross Rents</b>			
Avg. Asking Office Rent (psf), Q4 2022	\$3.12	\$3.04	\$2.83
Avg. Asking Office Rent (psf), Q4 2023	\$3.10	\$3.02	\$2.87
% Change Q4 2022 - Q4 2023	-0.6%	-0.7%	1.4%
<b>Net Absorption</b>			
Net Absorption (sf), Q1 2014 - Q4 2023	3,733,315	11,039,087	18,971,524
Net Absorption (sf), Q1 2023 - Q4 2023	(2,524,717)	(4,011,326)	(3,805,969)
<b>New Deliveries (sf) Q1 2014 - Q4 2023</b>	11,679,455	22,776,335	35,663,959
<b>Under Construction (sf), Q4 2023</b>	928,647	2,820,371	9,534,358

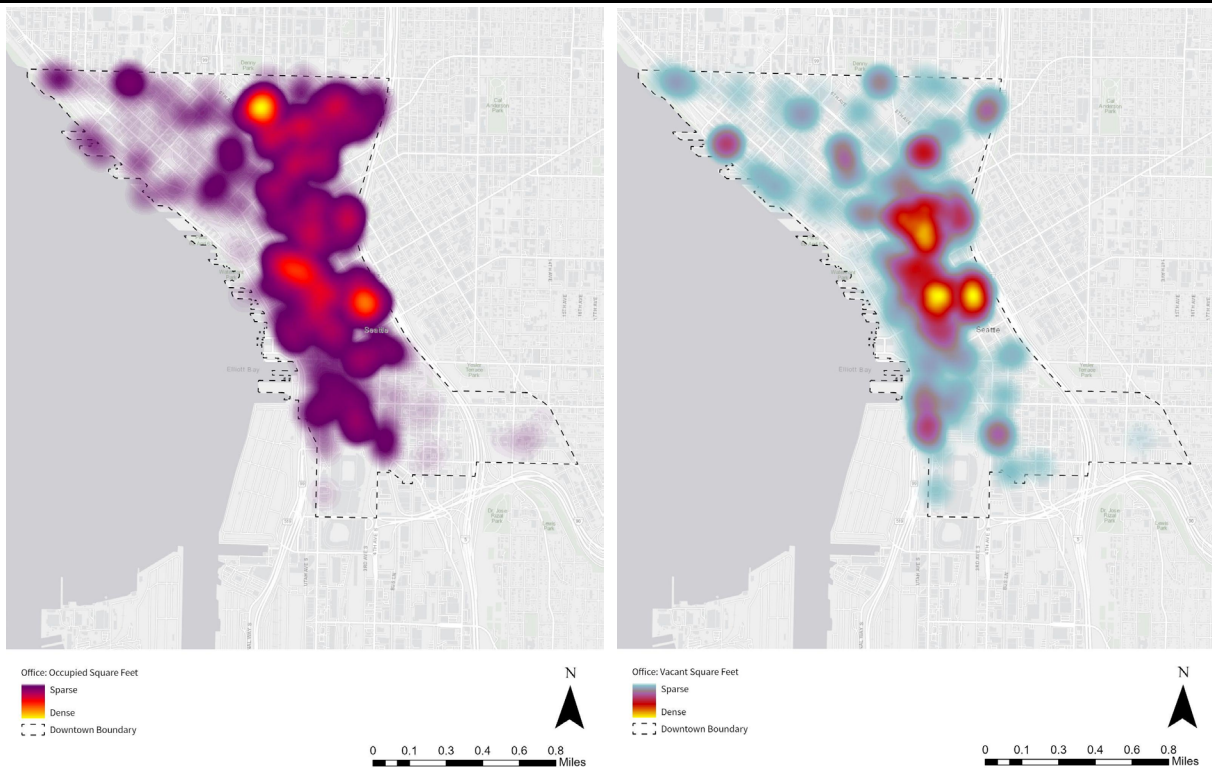
Sources: CoStar; BAE, 2024.

Subarea Geography: Regional Center Boundaries.

Within the Downtown Regional Center, the majority of the existing and occupied office space is concentrated in the Commercial Core and Denny Triangle, as shown in the heatmap (left) in Figure 18 below. However, for vacant office space, the highest concentration is primarily in the Commercial Core. A large share of the office buildings in Denny Triangle are occupied by tech companies, including an Amazon

corporate campus. While many tech companies have shifted to hybrid and remote work policies, these office spaces are not considered vacant even if they are underutilized as the properties are often owned outright by the firms.

**Figure 18: Office Occupancy and Vacancy Heatmaps, March 2024**



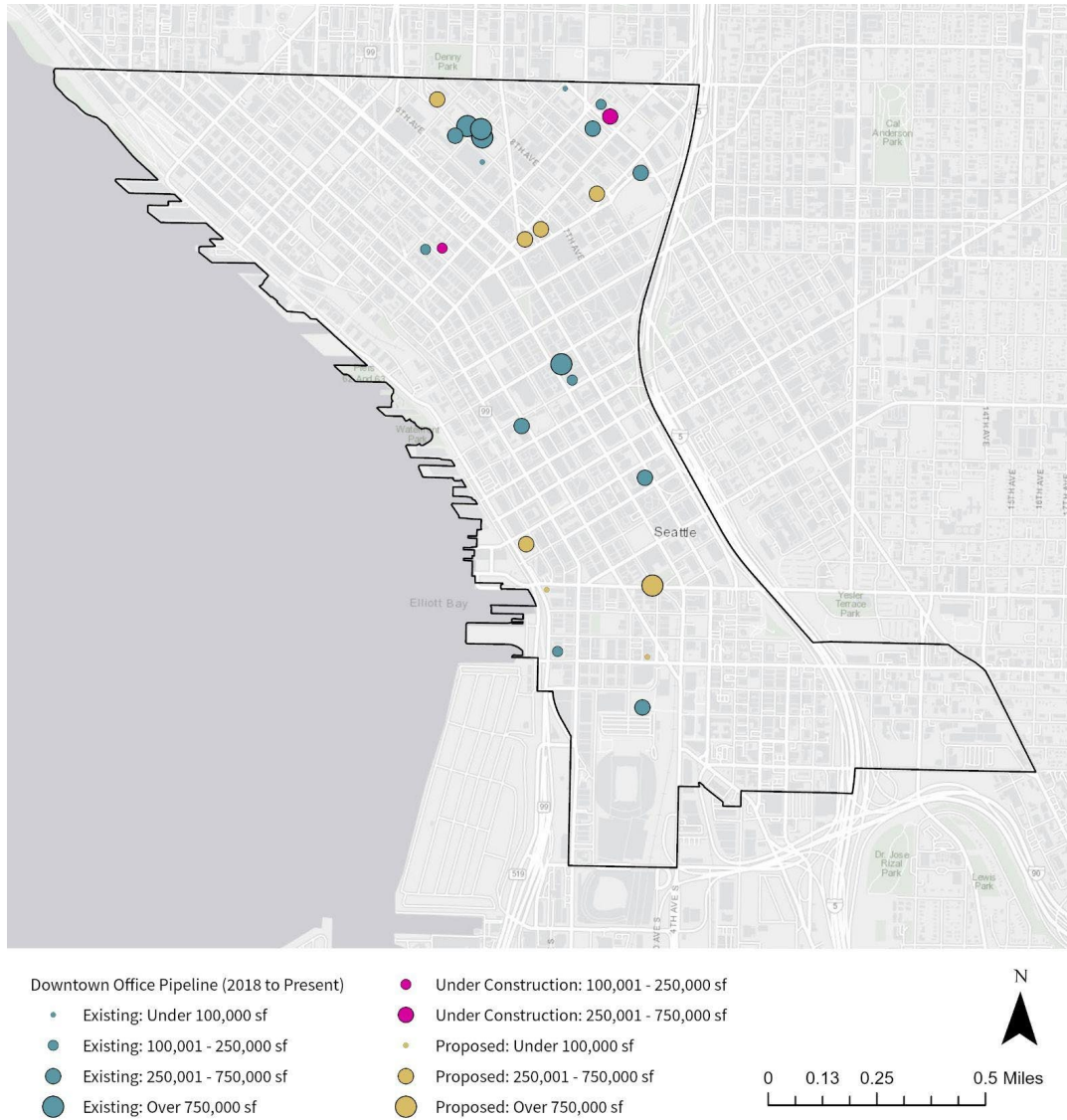
Sources: CoStar; BAE, 2024.

Subarea Geography: Regional Center Boundaries.

As shown in Figure 19 below, the Downtown Regional Center has seen significant office development activity since 2018, primarily concentrated in Denny Triangle and to a lesser extent the Commercial Core. Sixteen office properties were completed between January 2018 and March 2024 totaling just under 8 million square feet, including four Amazon campus buildings (2.6 million square feet), re:invent Building 1 (928,100 square feet), and Rainier Square (801,000 square feet). There are eleven office properties that are currently under construction or planned/proposed, with notable projects including The Net (807,600 square feet) and the mixed-use development at 800 Alaskan Way (504,00 total square feet). These properties were primarily build-to-suit developments rather than speculative developments with no pre-signed leases.



**Figure 19: Office Development Pipeline, January 2018 to March 2024**



Sources: CoStar; BAE, 2024.

Subarea Geography: Regional Center Boundaries.



## Lodging

As both a tourism and business hub for the City, Downtown Seattle has a considerable number of hotels at a range of price points. While there are hotels throughout Downtown, the majority of hotels are concentrated in the Pike- Market, Denny Triangle, and Commercial Core neighborhoods, as shown in Figure 20 below. There are six additional hotels in various stages of the proposed development pipeline. Currently, the Regional Center is home to 60 hotels, the majority of which are Upscale (28 hotels) or Independent (21 hotels), as shown in Table 19. The hotel building stock is generally older, with a median age of 55 years old across all hotel classes. Combined, the hotels have a total of 13,515 rooms with an average of 225 rooms per property.

**Figure 20: Downtown Hospitality, Existing and Development Pipeline, June 2024**



Sources: CoStar; BAE, 2024.

Subarea Geography: Regional Center Boundaries.

**Table 19: Downtown Hospitality Summary**

<b>Hotel Class</b>	<b>Number of Hotels</b>	<b>Median Year Built</b>	<b>Average No. Rooms</b>	<b>Total No. Rooms</b>
Luxury	8	2006	262	2,092
Upscale	28	1979	321	9,000
Midscale	3	1916	89	267
Independent	21	1927	103	2,156
<b>Total</b>	<b>60</b>	<b>1969</b>	<b>225</b>	<b>13,515</b>

Source: CoStar; BAE 2024.

Subarea Geography: Regional Center Boundaries.

## Attractions and Entertainment

Downtown Seattle is an entertainment center for tourists and locals alike, with attractions from Pike Place Market and the Seattle Art Museum to Lumen Field. While tourism has not fully recovered to pre- pandemic levels, according to a tourism report from the Downtown Seattle Association the neighborhood<sup>5</sup> saw a post- pandemic high of almost 3.5 million unique out- of- town visitors in the summer of 2023. Many Downtown destinations, including the Seattle Aquarium, surpassed the 2019 levels of out- of- town visitor foot traffic in 2023.

The Downtown Regional Center is also a hub for special events, including music events, parades, and protests. According to special event permit data, in 2023 the City issued permits for 37 special events for a total of 572,000 attendees. However, the number of special events within the Regional Center has decreased dramatically since before the pandemic - in 2019, the City issued permits for 95 special events within the Regional Center for a total of over one million attendees.

## Planned and Proposed Commercial Projects

As of March 2024, according to available CoStar data there were 17 projects in the commercial development pipeline, including 11 office properties and six hotel properties, discussed above and also shown in Table 20 below. Of the 11 office projects, two are currently under construction totaling just under 400,000 square feet of office space,<sup>6</sup> with the remaining nine planned or proposed projects totaling 3.1 million square feet of office space. If all 11 office projects (3.5 million square feet) are approved and completed as proposed, the total office inventory Downtown will grow by six percent. Of the six hotel projects in the development pipeline, one is under

<sup>5</sup> The geographic extent of “Downtown” used by the Downtown Seattle Association does not exactly match the Downtown Regional Center extent, but is used as a proxy.

<sup>6</sup> The under construction office square footage in Table 19 differs from the Office Market Summary in Table 17 (397,481 vs. 928,647). This is due to a property (Washington 1000) being completed between the end of the fourth quarter of 2023 and when the pipeline data was accessed in March 2024.

construction and the remaining five are planned or proposed. If all six hotel projects are approved and completed as proposed, the total hotel room inventory will grow by eight percent (1,040 rooms). According to CoStar, there are no retail, industrial, or flex properties in the development pipeline Downtown.

**Table 20: Commercial Development Pipeline, March 2024**

Project Name	Office		Hospitality	
	Acres	Sq. Ft.	Acres	Sq. Ft.
<b>Planned and Proposed</b>				
The Langham, Seattle	-	-	0.4	140,250
Tempo by Hilton Seattle Downtown	-	-	0.2	225,000
1520 5th Ave Hotel	-	-	0.3	154,691
Tru by Hilton Seattle Downtown	-	-	0.2	89,500
Western & Eagle	-	-	0.2	6,000
The Net	0.7	807,580	-	-
US Rubber Building	0.3	70,472	-	-
800 Alaskan Way	0.8	504,000	-	-
901 Lenora St	0.5	220,000	-	-
1815 Sixth	0.5	565,000	-	-
Lloyd Building Preservation + Office Tower	0.6	325,000	-	-
Denny Park South	1.6	616,000	-	-
900 Virginia St	0.3	14,400	-	-
One Yesler Building Expansion	N/A	7,500	-	-
<b>Subtotal, Planned and Proposed</b>	<b>5.2</b>	<b>3,129,952</b>	<b>1.3</b>	<b>615,441</b>
<b>Under Construction</b>				
Hotel Westland	-	-	0.3	73,260
First Light	0.4	114,740	-	-
1916 Boren Ave	0.6	282,741	-	-
<b>Subtotal, Under Construction</b>	<b>1.0</b>	<b>397,481</b>	<b>0.3</b>	<b>73,260</b>
<b>Total, All Projects</b>	<b>6.2</b>	<b>3,527,433</b>	<b>1.7</b>	<b>688,701</b>

Source: CoStar; BAE 2024.

Subarea Geographies: Regional Center Boundaries.

## Notable Proposed Developments

### Civic Campus Plan

#### [Project Overview](#)

King County is reimagining its civic campus in Downtown Seattle, which covers eight acres and eight buildings (totaling 2.3 million square feet of building space) across ten sites, but is currently underutilized. The County is looking to redevelop the campus to better deploy County services and integrate with the surrounding urban environment. According to the master plan, under current zoning the properties could allow for a total of 4.3 million square feet of non-residential development capacity. If used for residential purposes, the properties could allow for more than 2,500 housing units.

## **Waterfront Seattle**

### [Project Overview](#)

After the tunneling of the Alaskan Way Viaduct, Waterfront Seattle has been working to reconnect the waterfront to the rest of Downtown. This includes a new waterfront park promenade, the surface street along Alaskan Way, rebuilding piers, improved east- west crossings between the Downtown and Elliott Bay, and more. The \$806 million project has been underway for several years, and is expected to be completed in 2025. The project is funded by the Local Improvement District (\$160 million), through City (\$320 million) and State (\$216 million) sources, as well as through philanthropy (\$110 million).

## **The Net**

### [Project Overview](#)

The Net, at 875 Third Avenue, is the largest proposed commercial project in the neighborhood's development pipeline. Described as an "anti- high rise high rise," the 36- story, 807,600- square- foot office tower is slated to be completed in the first quarter of 2027 and will be zero- carbon.

## **Denny Park South**

### [Project Overview](#)

The Denny Park South project, at 2300 Seventh Avenue and 2301 Eighth Avenue, is the second largest proposed commercial property in the neighborhood's development pipeline. The 616,000- square- foot life science campus is proposed across two buildings and will include a public open space. According to CoStar, the project is slated to be completed in 2026.

# Economic Development Challenges and Opportunities

The following report section provides additional data and analysis on specific economic development challenges and opportunities in the Downtown Plan Area, including issues related to workforce development, small business needs, infrastructure investments, and gentrification and displacement. In some cases, additional stakeholder outreach will be needed to complete the report sections; these will be noted below.

## Education and Workforce Training

Although unemployment across Downtown as a whole is very low, and job growth is projected to be robust, some Downtown community members face ongoing challenges entering the labor market and finding pathways to living wage jobs and careers. In addition to programs operated by community-based organizations and business improvement districts, Worksource Seattle King-County<sup>7</sup> provides the following list of key service providers in Downtown Seattle that provide education and workforce training:

- Seattle Central College
- Uplift Northwest
- Downtown Seattle Metropolitan Improvement District
- Pioneer Human Services, Aspen Terrace

## Entrepreneurship and Small Business Development

As detailed above, small businesses are a critical component of Downtown's current and future economic health. The City's Office of Economic Development (OED) supports small business and entrepreneurship through its small business advocate program as well as through support for one the four Downtown Business Improvement Areas.<sup>8</sup> In addition, community-based organizations and nonprofits.

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<sup>7</sup> <https://www.worksourceskc.org/locations>

<sup>8</sup> <https://www.seattle.gov/office-of-economic-development/small-business>

## Capital/Infrastructure Investment Needs

Largely funded through a LID managed by Waterfront Seattle, the Downtown Plan Area currently has numerous capital improvement projects underway or recently completed. One example of these projects is the recently completed Habitat Beach between Colman Dock and Pier 48. Open to the public in July 2023, this innovative project provides access to the waterfront near Pioneer Square while also supporting the waterfront ecosystem, including enhancing the salmon corridor by adding rocks and nearshore vegetation.

The Downtown Activation Plan also identifies the following key infrastructure investment needs:

- Improve street and sidewalk lighting across Downtown with an initial focus on the Chinatown- International District, Third Avenue from Yesler Way to Stewart Street, and areas with concentrated crime and street disorder.
- Pilot a green and healthy street by closing Pike Street between First and Second Avenues for pedestrians only. The new street will feature activations, music buskers, café- like seating areas for people- watching, and pop- up vendors.
- Reopen City Hall Park with activations to help keep the park vibrant, including concerts, food trucks, fitness classes, art programs, movie and sports viewing, and a satellite farmers market.
- Finish improvements to Downtown parks, including new electrical and lighting systems, utilities, and storm- water infrastructure.

Beyond these key infrastructure needs, it is important to note that there is an overarching need for expanded public safety initiatives to address cleanliness and safety problems that are negatively impacting visitors, residents and businesses. As part of this overarching effort to improve the quality of public spaces Downtown, consistent activation and programming efforts are needed.

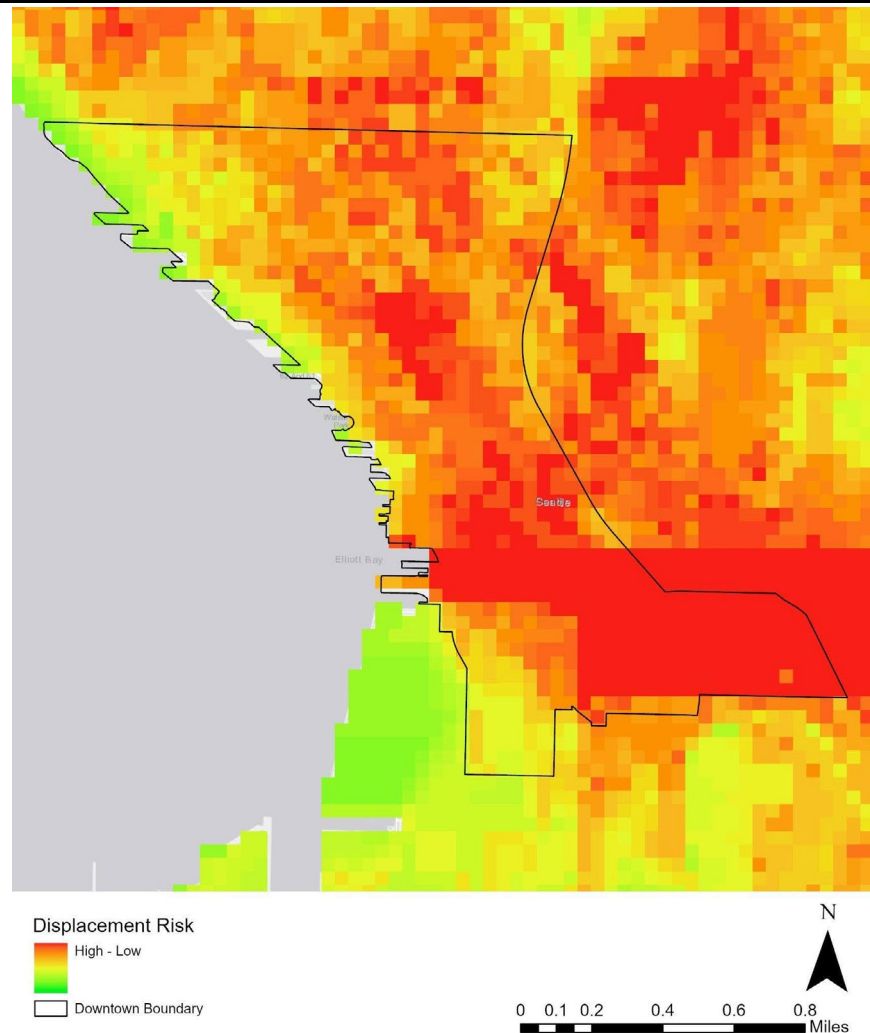
## Gentrification and Displacement Risks

In support of the One Seattle plan, the City of Seattle created a displacement risk index that provides a long- term view of displacement risk based on neighborhood characteristics including the presence of vulnerable populations and amenities that tend to increase real estate demand. Leveraging this data, Figure 21 below shows displacement risk across the Downtown Area. Displacement risks are highest for both residents and businesses in the southern portion of the Plan Area, including Pioneer

Square and the Chinatown- International District. Indeed, examining the City as a whole, the Southern portion of the Plan Area has some of the highest displacement risks in the entire city of Seattle as of 2022.

In addition to analyzing gentrification and displacement risk data, BAE will continue to research and document risks through ongoing key stakeholder outreach efforts.

**Figure 21: Displacement Risk Index, 2022**



Sources: City of Seattle; BAE, 2024.

## Funding and Financing Sources for Economic and Community Development

Funding and financing sources for economic and community development fall broadly into two major categories: 1) funding sources for capital improvement and

infrastructure investments; and 2) funding sources for individual business development and business district development.

## Infrastructure Funding Tools

The City of Seattle plans for and funds public infrastructure improvements primarily through the Capital Improvement Program. The current plan is for Fiscal Years 2022 through 2027 and contemplates a total of \$7B in capital expenditures, including significant capital expenditures along the Waterfront. In addition to debt financing, (general fund, revenue and voter- approved bonds), the City relies on public utility funding and real estate excise tax funding, in addition to other municipal financing tools to support infrastructure investments<sup>9</sup>.

Additional key infrastructure financing tools with potential to support capital investments in Downtown Seattle include Local Improvements Programs (such as the LIP already in place for the Waterfront)<sup>10</sup>, as well the newly enabled Tax Increment Financing (TIF) districts which can be created in designated areas to support public improvements and community revitalization<sup>11</sup>.

## Small Business and Business District Funding

The Office of Economic Development provides a detailed list of funding resources for community economic development, including through community- based organizations like the Local Initiatives Support Corporation (LISC) as well through City- funded organizations and Business Improvement Areas (BIAs)<sup>12</sup>. These and other resources will be further explored through key stakeholder outreach to be conducted by BAE in collaboration with the City and Agency.

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<sup>9</sup> <https://www.seattle.gov/documents/Departments/FinanceDepartment/2227adoptedcip/Overview.pdf>

<sup>10</sup> [https://mrsc.org/explore- topics/facilities/districts/local- improvement- districts#:~:text=Local%20Improvement%20Districts%20\(LIDs\)%20are,self%2Dgoverning%20special%20purpose%20districts.](https://mrsc.org/explore- topics/facilities/districts/local- improvement- districts#:~:text=Local%20Improvement%20Districts%20(LIDs)%20are,self%2Dgoverning%20special%20purpose%20districts.)

<sup>11</sup> <https://mrsc.org/explore- topics/finance/revenues/tax- increment- financing>

<sup>12</sup> <https://www.seattle.gov/office- of- economic- development/business- districts/tools- and- funding#businesssupportattraction>