Normandy Park Economic Study and Recommendations Report

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Prepared for:



Draft Report

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Acknowledgments

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1. How this Report is Organized

This document is organized into the following sections:

- Section 1. Report introduction and organization.
- Section 2: Executive Summary.
- Section 3: Project Background. Provides a summary of the existing conditions in the Normandy Park commercial areas with a primary focus on the Manhattan Village Subarea based on a review of key plans and reports, key regulations, infrastructure projects, and a summary of recent development changes. This summary helps describe current conditions and key considerations to frame the market analysis findings and provide a basis for the development of recommendations.
- Section 4: Market Analysis Background. Describes the market study areas used for this project and the current retail inventory of existing shopping center locations and anchor stores that attract the majority of the customers to these market areas.
- Section 5: Key Demographics. Presents information and trends about the characteristics of households living in the primary and secondary market areas outlined for this project.
- Section 6: Real Estate Market Conditions and Trends. Presents information about the local, residential, and commercial submarkets and real estate market trends that will likely influence future development in Normandy Park.
- Section 7: Retail Leakage and Opportunities. Summarizes the local retail dynamics of the primary and secondary market area and provides an estimate of the number of additional establishments and retail space that could be supported based on the retail leakage analysis.
- Section 8: Stakeholder Engagement Findings. Summarizes stakeholder perspectives regarding business and residential needs and their vision for the study area.
- Section 9: Assessment of Opportunities and Challenges. Summarizes the opportunities and constraints of the Manhattan Village Subarea based on a strengths, weaknesses, opportunities, and threats analysis.
- Section 10: Draft Recommendations. Describes preliminary recommendations that the City should consider, evaluate, and refine.

1.1 Project Purpose

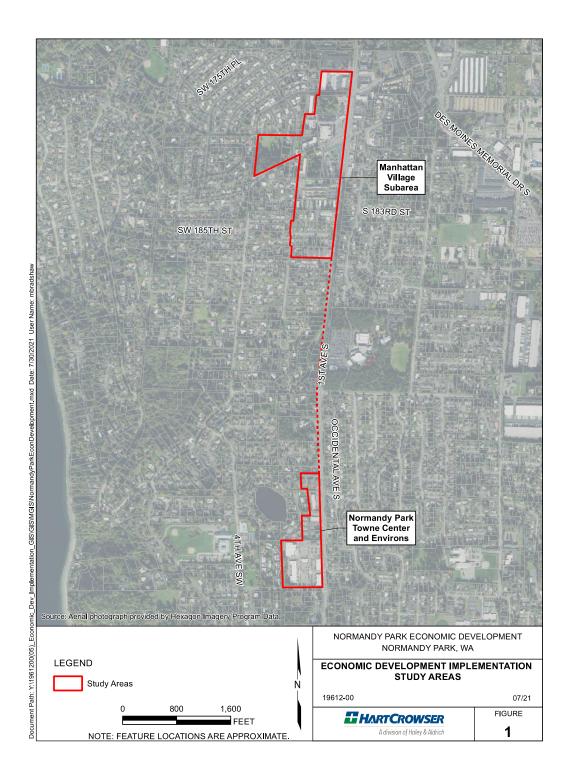
In 2020, the City of Normandy Park approved an updated Economic Development Element as part of its Comprehensive Plan. An outcome of the Economic Development Element was an implementation plan that would help the city implement the identified goals and policies in the element. The implementation plan set forth several actions that the City would initiate and finish within a 5-year period between 2020 and 2025. ECONorthwest, in partnership with LDC, is supporting the City of Normandy Park in its pursuit to achieve key implementation actions.

Normandy Park's economic development vision states: "Normandy Park is a desirable, livable, and walkable community with strong character and connections to the natural environment and regional economy that attracts visitors and investment. New and long-standing residents with a diverse array of attractive housing options, including multifamily housing within walking access to a vibrant 1st Avenue South with daily goods providers, restaurants, services, and public amenities."

The purpose of this report is to provide a summary of Normandy Park's commercial and real estate, retail dynamics, and demographic trends to build understanding on the demand for additional community-serving commercial establishments and mixed-use development in the Normandy Park commercial areas with a primary focus on the Manhattan Village Subarea (MVSA).

This report also provides a summary of findings from engaging stakeholders (primarily via interviews), an assessment of existing conditions, and concludes with preliminary recommendations informed by project findings. These recommendations outline potential strategies for how to attract new development and increase the vibrancy, attraction, and economic stability of the City's commercial and mixed-use areas.





2. Executive Summary

This report provides a summary of Normandy Park's commercial and residential real estate, retail dynamics, and demographics trends to understand the demand for additional community-serving commercial establishments and mixed-use development in the Normandy Park commercial areas with a primary focus on the Manhattan Village Subarea (MVSA). This report also provides a summary of findings from community engagement, assessments of existing conditions and opportunities and challenges, and it concludes with preliminary recommendations informed by previous work. This report aims to help address how the City could increase the vibrancy, attraction, and economic stability of Normandy Park's commercial and mixed-use areas.

To gain perspective on potential economic development barriers and opportunities for improvements, the team interviewed a set of Normandy Park stakeholders, including existing business owners, property owners, and residents. The team also conducted a detailed assessment of the MVSA strengths, weakness, opportunities, and threats (SWOT) to understand the area's opportunities and challenges. Grounded by the results of this work and informed by community engagement, preliminary recommendations specific to the MVSA are provided for the City's consideration in the final section of this report. These recommendations aim to help advance the goals set forth in the recently adopted Normandy Park Economic Development Element. The following sections highlight the high-level findings from the market study, retail leakage, and SWOT assessment along with a summary of the recommendations.

2.1 Market Study Results and Retail Leakage in Normandy Park

A market study was completed to help provide insights on what types of commercial and mixed-use developments could be viably supported in Normandy Park. This analysis was limited to Normandy Park and a surrounding secondary market area from which retailers would normally expect to derive the majority of their customer base.

The market study analysis found that:

- Trends in the office submarket suggests that there is not enough demand for new speculative office development in Normandy Park, however, there could be some local demand for built-to-suit office development.
- The residential submarket trends signal a growing demand for multifamily housing due to trends in rising rents, moderate vacancy rates, and limited new multifamily development in the past decade.
- Normandy Park has a strong retail submarket with high rents and stable vacancies which could signal a constrained market supply with potential demand for additional retail space.

A retail leakage analysis, completed for this project, helped build an improved understanding of the retail dynamics in a market area. It is commonly referred to as a "retail gap" analysis because it identifies gaps in the retail market where demand for retail goods and services within a specific category are not being met by the existing retail businesses in a market area.

- Normandy Park has the potential to attract five opportunity retail categories which include: furniture and home furnishing stores, electronics and appliance stores, clothing and clothing accessories, food services and drinking places, and a gasoline station.
- Normandy Park could capture a retail leakage of \$40.9 million, resulting in an additional demand of a little more than 10,000 square feet of additional retail space. This translates to about 6 to 8 small boutique retailers and restaurants along with a single gasoline station. It is important to note that:
 - A 100 percent retail capture rate is generally not possible for most retail store types due to factors associated with other surrounding competing retail centers and consumer behavior.
 - The amount of land available for new retail development is limited in the Manhattan Village Subarea.

2.2 Opportunities and Challenges

Based on a strengths, weakness, opportunities, and threats (SWOT) assessment, a set of highlevel opportunities and challenges were identified to help inform recommendations. The SWOT assessment evaluated several elements of the MVSA including the:

- Economic Development and Market Conditions
- Land Use Planning and Regulatory Environment
- Urban Design
- Community/ Social and Socio-Economic
- Transportation
- Infrastructure and Utilities
- Environment and Natural Conditions

Table 1 below describes in detail the high-level opportunities and challenges.

Opportunities	Challenges
 Support Normandy Park as a destination for specialty use and leverage local assets Leverage Puget sound views for rooftop activity and use as a part of mixed-use development Explore temporary activation uses to attract visitors (i.e., food carts, place-making, outdoor seating, and dining) Partner with landowners/developers to develop key opportunity sites Leverage funding tools like tax increment financing (TIF) to encourage and facilitate private investment in areas with redevelopment potential. Consider the creation of a mid-term redevelopment strategy for key opportunity site(s) Update/ amend development regulations for greater retail flexibility and higher intensity development Explore land division of parcels for incremental/ phased development Continue making street improvements along 1st Ave South for increased ped/ bike connections 	 Proximity to other competing commercial centers Limited commercial zoned land Limited opportunity for infill development Regulatory barriers High cost of new development Parking supply Limited ped/ bike connections and sidewalks Infrastructure Contaminated soils at Harris Property

Table 1. SWOT Analysis, High Level Opportunities and Challenges for the MVSA

2.3 Recommendations

Based on the analyses in this study and community engagement findings, the following preliminary recommendations were developed for the City to consider and evaluate for the Normandy Park commercial areas with a primary focus on the MVSA.

Support Existing Businesses

A variety of strategies could be pursued to improve the stability of existing local businesses. These businesses help build strong vibrant walkable communities by linking neighbors to needed services while also providing jobs and generating revenue for the local economy.

 Improve the retail experience by ensuring that the Manhattan Village Shopping Center becomes a destination and businesses are active and vibrant for residents to spend their time and disposable income. Normandy Park is surrounded by high performing commercial centers in Burien, Des Moines, and Sea Tac that act as competitors to retailers in Normandy Park. The City has an opportunity to leverage its assets and pivot the Manhattan Village Shopping Center to become more of a destination. The creation of a comprehensive retail attraction campaign could aid in retail recruitment efforts, as well as identifying and addressing public realm improvements and programming local activities and events. Strategies could be developed to attract a larger and more diverse customer base. For example, vehicle charging stations could be added nearby retail, and food related businesses, that those waiting for vehicle charging could frequent.

- Fill gaps in the retail environment by promoting creative temporary uses that will activate storefronts (i.e., food carts, art fairs, farmer's market, community events, etc.) and increase exposure and foot traffic. To ensure that underutilized retail and even public spaces do not detract from the customer experience, the City can help promote short-term programs and activities that help bring in new customers and provide new experiences that competitor shopping centers do not offer.
- Enhance existing support and build capacity for local business champions through partnerships by seeking ways to support existing businesses to implement the vision for the subarea. A partnership between the City and local business champions can help each other with retail retention and recruitment, as well as identifying physical improvements and providing financing tools to achieve them. Leverage regional partnerships with the Seattle Southside Chamber and other agencies partner agencies such as Highline CC's Small Business Development Center to recruit desired businesses and promotion of investment opportunities.

Align Regulations with the Needs of New Development

Development regulations play a critical role in determining what can be viably built. These stipulations can impede a developer's ability to build businesses a City wishes to attract in a commercial or mixed-use area. Similarly, overly restrictive housing development regulations can reduce the economic feasibility of building diverse housing and mixed-use development which can provide an expanded customer base needed to support new businesses. Regulations mutually supporting residential and business development can be aligned to lead to overall greater community vibrancy, connectivity, stability, and place-making. The following section highlights preliminary regulatory recommendations that the City should consider.

- Address regulatory barriers that provide flexibility for retail uses supporting outside dining, redevelopment of higher intensity development, and aligning regulations with development feasibility considerations and development goals.
- Improve regulatory code clarity between the general municipal code and the Normandy Park Manhattan Village Subarea Plan Planned Action Ordinance. Clarity should be provided on whether the planned action ordinance supersedes the base zoning and regulatory code.
- **Amend**/ **update the regulatory environment** such as setbacks, height, scale, and density that limit development potential and feasibility.

- Adjust parking requirements of the MVSA to ensure retail and other commercial uses do not result in over supply of parking, where more on-site parking is required than necessary which will significantly increase development costs.
- Recalibrate TDR Program to increase its use and help support new development.
 Explore possible updates to the program that would make development more feasible.
- **Explore amendments to the cottage housing code regulations** to support new development, financial viability, and increase the type of housing options.

Infrastructure and Transportation

Infrastructure and transportation focused- strategies help to add key community improvements such as pedestrian facilities which are useful for attracting people to a commercial or mixed-use area and connecting them to needed services.

- **Improve pedestrian and bicycle connections** between residential and commercial nodes and amenities.
- Leverage infrastructure improvements to create an identity for Normandy Park through wayfinding features, public art, and possibly more gateway features.

Development Strategy Framework

Develop a development strategy framework with tax increment financing (TIF) funding to encourage and facilitate private investment along 1st Avenue South. To achieve this goal for the Manhattan Village Subarea will require coordination between the City and key private partners/ property owners. The city can help kick-start development along 1st Avenue South by creating a competitive RFP process to targeted areas within the Manhattan Village Subarea that will help achieve the areas' goals and offer TIF funding to support the development of public infrastructure to help close the gap on development feasibility.

3. Project Background

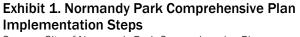
3.1 Existing Conditions

The purpose of this existing conditions assessment is to develop a comprehensive picture of existing conditions as it relates to economic development in the Manhattan Village Subarea in Normandy Park. Doing so will help build a foundation of understanding of the current City efforts to date, and existing community circumstances and conditions prior to proposing recommendations.

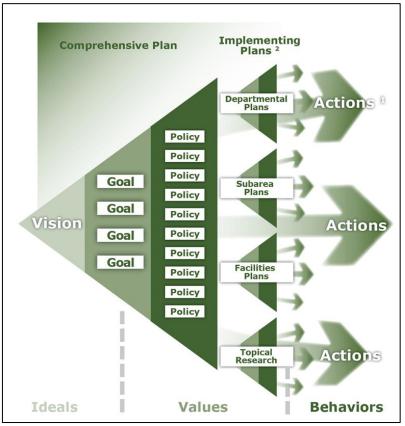
As a part of this report, Normandy Park's new Economic Element was reviewed and summarized along with the Manhattan Village Subarea Plan (2012) and the associated land use

regulations, a Hotel Study (2019), and recent development activity.

Exhibit 1 illustrates how the **Comprehensive Plan provides** broad high-level guiding goals and policies reflecting the ideals and values of the City and how the subarea plans, departmental plans, and topical research (such as the **Economic Development** Element) provide more detail necessary to execute actions that are intended to help achieve the vision, goals, and policies. Taken together, these plans and reports help to provide context for the market analysis area and subsequent recommendations.



Source: City of Normandy Park Comprehensive Plan



Summary Review of Normandy Park's Economic Development Element

The City of Normandy Park recently adopted a new Economic Element and Implementation Plan in 2020, as a part of their Comprehensive Plan. This 2021-2025 Comprehensive Plan Economic Development Element contains a description of local demographic and economic trends between 2010 and 2018 as well as a brief description of assets and challenges facing Normandy Park, particularly as they relate to geography, transportation, housing, workforce, education, public safety economic and business climates, and quality of life. The element also describes the City of Normandy Park's Economic development vision and values which focus on livability, connectivity, environmental stewardship, efficiency, and financial feasibility.

Below are a few key challenges and opportunities identified in the existing plan:

- Normandy Park enjoys competitive advantages in the region as a place to live with demographic trends showing a need to diversify housing types including high-quality multi-family housing and short-term lodging option.
- The new Belleme Townhomes and mixed-use housing development has the potential to influence and drive commercial development.
- Given the small community and market, Normandy Park is unlikely to capture significant regional retail spending but capturing residents' expenditures can drive Normandy Park's commercial development.
- Though the City faces some challenges in retaining and attracting commercial uses and resident purchases, they should focus on commercial development to create nodes of activity, such as restaurants, salons, services, or new uses such as coworking spaces.

Goals and policies were developed with community input regarding livability, planning and infrastructure, and the business climate (particularly focusing on recovery from COVID-19 impacts). The Economic Development Element overarching goals are to:

- Encourage private investment along 1st Avenue South.
- Make strategic investments in quality-of-life amenities and beautification to spur economic growth and increase community livability.
- *Ensure overall city processes and development regulations support economic development.*
- Support existing businesses and grow the city tax base.
- *Participate in regional efforts and strengthen city partnerships to support local economic development opportunities.*

Summary of the Economic Development Element Implementation Plan: 2021-2026

The Implementation Plan was created to coincide with the Economic Development Element. It outlines the goals and policies determined in the element and further defines action steps for implementation, roles for collaborators, timelines, milestones, and additional resources needed. For each goal, a range of one to six different policies have been identified with 15 potential leads, supports and potential partnerships. Partners ranged from city departments to private nonprofits and other governmental agencies, including City of Normandy Park elected officials and staff, City of Burien, City of De Moines, Sound Transit, Seattle Southside Chamber of Commerce, Soundside Alliance, Port of Seattle, WSDOT, Discover Burien and planning consultants. This project was executed to implement select actions, timed for 1-2 years, recognized in the Economic Development Implementation Plan.

Summary of the Manhattan Village Subarea Plan

The Manhattan Village Subarea (MVSA) Plan for the City of Normandy Park was approved in 2012 as a Planned Action Ordinance to "help bridge the disconnect between Normandy Park's commercial and residential patterns, carrying forward community desires expressed in past plans" and "reflect an assessment of the potential for, and strategies to incorporate, King County's Transfer of Development Rights (TDR) program."¹ The ordinance allows for a streamlined environmental review process as long as the proposed project developments are deemed consistent with the MVSA Plan objectives and policies.

Exhibit 2. Normandy Park Market and Café Source: City of Normandy Park, Manhattan Village Subarea Plan



For several decades, the City has been striving to become a more self-sustaining City by enhancing their mixed-use areas, including the neighborhood commercial areas in the MVSA, and by providing a pedestrian-friendly shopping atmosphere and attractive amenities. Plan objectives aim to:

- Foster diverse route options for all travel modes and a diverse, mixed-use environment in the MVSA.
- Create features/services oriented toward localized needs.

¹ City of Normandy Park. (2012). Manhattan Village Subarea Plan, <u>City of Normandy Park</u>. ECONorthwest

- Ensure growth/change that reflect scale and character while also supporting revenuepositive features with long-lasting benefit.
- Establish a built environment that works now but is capable of being re-made and functioning as changing needs demand.
- Support development that leverages character/locational advantages; and to set the stage for King County's TDR program implementation.
- The Community Vision is to maintain a small-scale look/feel to the neighborhood, while also increasing housing, commercial opportunities, and multimodal transportation access to Manhattan Village Shopping Center; aligning the design and scale that already exists. The emphasis for the area to become more pedestrian-friendly is supported by the current Walk Score of 57 for the MVSA (somewhat walkable, some errands could be completed by foot) as compared to the overall City Walk Score of 37 (Car-Dependent, Walk Score). Due to the varied uses around Manhattan Village Shopping Center, the subarea spans beyond shopping center, and characterizes them into character areas (CA), highlighting the unique existing conditions and envisioned opportunities. The plan area includes three primary development patterns: view-oriented, and curvilinear pattern anchored by Marine View Drive, auto centric, suburban and strip style commercial development, with multi-family units along 1st Avenue South.
- The plan pointed out that four percent of the land allows commercial uses and higherintensity housing and most of the area is already developed (as of 2010).
- The area consists of 11 acres of land zoned for single family residential uses (R-7.2), 15.5 acres zoned Medium Density Multifamily (RM-1800), 10 acres zoned neighborhood center (NC), four acres are zoned open space, and two acres zoned mixed use (MU).
- The Manhattan Village (CA1/CA2) vision follows the comprehensive plan and replaces the 2004 1st Avenue South Redevelopment Plan. New priorities are to increase connectivity and access to the commercial center generally and in the Neighborhood Center zone specifically.

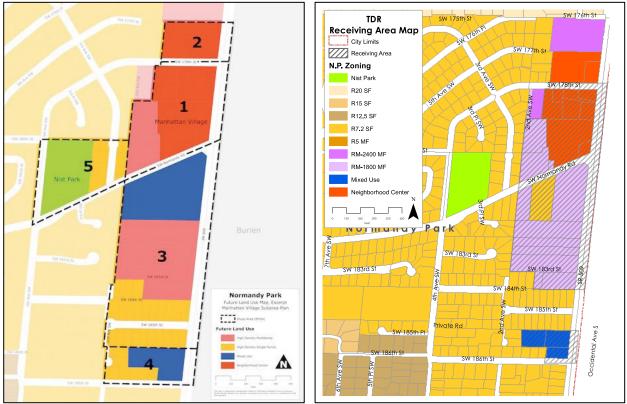


Exhibit 3. Future Land Use Map and TDR Receiving Area Map, Manhattan Village Subarea Plan Source: City of Normandy Park, (2012), Manhattan Village Subarea

Summary of Manhattan Village's Land Use Regulations:

As shown in Exhibit 3, the MVSA includes Normandy Park's Transfer of Development Rights (TDR) program receiving area in the area located adjacent and west of SR 509. This area can receive additional residential and commercial development density in exchange for conserving sending area land (such as wildlife habitat) through a Conservation Easement. The development potential of a sending site may be transferred and credited to a receiving site only when the transfer is approved in accordance with Normandy Park Municipal Code (Chapter 18.82) and the King County-Normandy Park TDR interlocal agreement. Pursuant to this interlocal agreement, the county and city have identified near-shore and shoreline properties surrounding Vashon Island as the TDR eligible sending site areas. TDR credits from this area may be used for increased residential density and commercial development capacity on an eligible receiving site. In the MVSA, properties zoned Neighborhood Commercial, Mixed Use, or high density multifamily (RM-1800) are designated receiving areas. Additional detail regarding the zoning/development regulations, bonus incentives, and parking regulations are described in Appendix Section 11.1A. This appendix section also outlines recent development and infrastructure improvements within and nearby the MVSA.

4. Market Analysis Background

4.1 Market Areas

This section describes the market study areas used for this project and the current retail inventory of existing shopping center locations and anchor stores that attract the majority of the customers to these market areas.

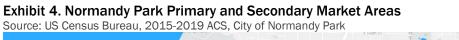
A market area represents a geographic area from which retailers would normally expect to derive the majority of their customers. Retail market studies usually delineate primary and secondary market areas.

- The primary market area is typically representative of the geographic area where most customers and/or spending originates.
- The secondary market area represents a broader geography where surrounding customers are additionally drawn to retailers in the primary market area due to factors such as proximity, business mix, drive time, and convenience.

The Normandy Park Primary Market Area was defined by the existing City of Normandy Park retail location, mix, and attraction, the proximity to competing commercial shopping areas in surrounding urban areas, and the street network influencing how quickly one can reach the retailers. The primary market area includes all of City of Normandy as well as limited areas of northern Des Moines commercial areas.

The Secondary Market Area extends beyond the primary market area by including limited areas of the cities of Des Moines, Sea Tac, and Burien. U.S. Census Bureau data was used to identify key demographic characteristics describing the typical consumer mix of both market areas and these boundaries are reflected in the study area overall boundary.

Exhibit 4 provides a map depicting the Normandy Park Primary and Secondary Market Areas used for the market analysis.





Note: Data analysis necessitated that the market areas encompass the boundaries of US Census Tracts. Consequently, the boundaries for the Normandy Park Primary Market Area includes all the overlapping census tracts within the municipal boundary. The Secondary Market Area too includes the full census tract boundaries.

4.2 Existing Retail Inventory

Understanding the current retail inventory is useful for comprehending the existing shopping center locations and anchor stores that attract the majority of the customers to the market areas. For retail to thrive, commercial centers need to be aware of other nearby districts and shopping centers that may be competing for similar customers. The following section summarizes the main retail centers currently located in the market areas.

Normandy Park Primary Market Area Existing Retail Inventory

Manhattan Village Shopping Center

The Manhattan Village Shopping Center is located north of Normandy Park and at the crossroads of 1st Avenue South and South Normandy Road. Anchored by QFC, the Manhattan Village Shopping Center is classified as a neighborhood shopping center — which generally contains a supermarket or drug store and a variety of smaller strip retail stores. Consumers generally do not drive long distances to shop at neighborhood shopping centers compared to community shopping centers. Most buildings in the Manhattan Village Shopping Center were built in the 1960's and range between 2,600 to 29,000 square feet in size. A daycare center was the most recent new development in the shopping center.

Normandy Park Towne Center

The newer of the two shopping centers in Normandy Park, the Normandy Park Towne Center is classified as a neighborhood shopping center with several strip retail stores and stand-alone two-story mixed-use retail and office buildings. Buildings range in size from 4,300 square feet up to 30,000 square feet. Most of the buildings were built in 2007 and 2008, except for the [now vacant] Normandy Park Market which was built in 2014. There is a day care/preschool in a portion of the market building, and it has recently expanded into more space. In 2021, the city has seen active tenant improvement work converting the closed fitness center to a dry-cleaning facility (Helena's), the conversion of closed restaurant to a restaurant/retail food production center (Rojo's), re-permitting of a previously approved auto gas station, and continued leasing activity. Empire Coffee has become a de-facto meeting place for residents and people working in local businesses.

Secondary Market Area Existing Retail Inventory

Five Corners Shopping Center

Located in the City of Burien, the Five Corner's Shopping Center is anchored by Trader Joe's and the PCC Community Market. The shopping center has several free-standing retail buildings and strip retail stores. Categorized as a community shopping center, Five Corners has three

junior anchor retailers (i.e., discount department store, grocery store, warehouse store) which includes a Ross clothing store, Trader Joe's and the PCC Community Market. The age of the buildings in the shopping center are older and were built in different eras between the 1950s and early 2000s. The Five Corners Shopping Center has a diverse tenancy including restaurants, department store, grocery store, personal care store, and a gasoline station.

Des Moines Shopping Center

Located in Des Moines, the Des Moines Shopping Center is an older shopping center built in the 1960s with fewer retailers when compared to the other shopping centers in the area. The shopping center is anchored by Dollar Tree. The strip retail center has a mix of restaurants, services, and a fitness center.

5. Key Demographics

5.1 Demographic Characteristics of Market Area Residents

Economists view housing and commercial demand as a bundle of services for which people are willing to pay that are influenced by proximity, amenity, and daily travel behavior. Households make tradeoffs in decision making about where they choose, or can afford, to live and shop. Housing and commercial demand can be described as the preferences for different types of housing or commercial services, and the ability to pay for that housing or commercial services.

What households can get for their money is influenced by both economic forces and government policy. Moreover, households will value what they can get differently. They will have varying preferences, which in turn are a function of many factors like income, age, household composition, number of workers and job locations, number of automobiles, and so on. Housing and commercial choices of individual households are influenced in complex ways by dozens of factors. Housing and commercial markets are the result of the individual decisions of hundreds of thousands of households.

Demographic data such as the factors referenced above are used to understand the typical consumer mix of the Normandy Park Primary Market Area. This information helps estimate the potential spending pattern and purchasing power of its consumers who reside within each area.

This data is contrasted with the larger Secondary Market Area to give indication of the larger demographic that could be attracted to the primary market area. In some instances, the data is also contrasted with King County and Washington State to compare trends at the local level with what is happening regionally or at the state level.

Population Growth

Since 2000, the Normandy Park Primary Market Area has grown	Exhibit 5. Popul Market Area, Ki Source: Decennial AAGR is Average Ar	ng County, and Census 2000, 202	d Washington, 10, 2015-2019 AC	2000-2019	ket Area, Se	econdary			
by 225 persons at an annual		Population		Change (2000-2019)					
rate of 0.18 percent.		2000	2019	Number	Percent Change	AAGR			
Between 2000 and 2019, the population in the secondary	Normandy Park Primary Market Area	6,315	6,540	225	3.56%	0.18%			
Market Area and County have both grown at a	Secondary Market Area	27,612	29,446	1,834	6.64%	0.34%			
more rapid rate than the primary	King County	1,737,034	2,195,502	458,468	26.39%	1.24%			
market area, increasing by 1,834 and 458,468 persons respectively.	Washington	5,894,121	7,404,107	1,509,986	25.62%	1.21%			

Population Projections

Over the 2020-2040 period, Normandy Park's population is projected to grow at a faster rate than it has experienced previously. Around 263 new persons are forecasted to live in Normandy Park by 2040. The following exhibit compares Normandy Park's projected growth with King County's project growth over the next few decades.

Exhibit 6. Population Projections, Normandy Park and King County 2020 – 2040

Source: PSRC

	2020	2025	2030	2035	2040	Change 2020–2040	% Change 2020-2040	AAGR
Households								
Normandy Park	2,885	2,962	3,010	3,071	3,148	263	9%	0.44%
King County	940,856	982,006	1,009,565	1,042,825	1,085,853	144,997	15%	0.72%
Population								
Normandy Park	6,643	6,716	6,802	6,892	7,006	363	5%	0.27%
King County	2,192,602	2,257,827	2,314,642	2,375,423	2,451,120	258,518	12%	0.56%
Jobs								
Normandy Park	*	*	447	4	83	*	*	*
King County	1,480,309	1,544,032	1,599,187	1,715,836	1,875,067	394,758	27%	1.19%

Average Household Size

The average household size is smaller in the Normandy Park Primary Market Area than in the	Exhibit 7. Average Household Size, Number of Persons per Household, Normandy Park Primary Market Area, Secondary Market Area, King County, and Washington 2015-2019 Source: US Census Bureau, 2015-2019 ACS Table B25010					
Secondary Market Area and King County.	2.32	2.54	2.4	2.6		
This generally suggests that the Normandy Park Primary Market Area has fewer persons per	Normandy Park Primary Market Area	Secondary Market Area	King County	Washington		

Household Size Characteristics

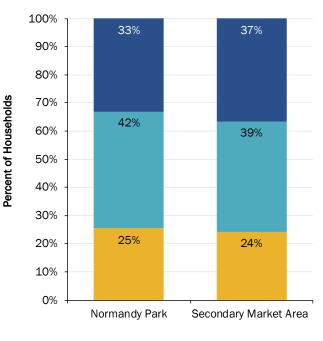
household or family.

Households with two persons account for the largest share of households in the Normandy Park Primary Market Area. This suggests that there are larger shares of households living with a partner.

The Secondary Market Area has a slightly higher share of households with three or more persons compared to the Normandy Park Primary Market Area.

Exhibit 8. Household Size, Normandy Park Primary Market Area and Secondary Market Area 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25009



^{■ 1} person ■ 2 persons ■ 3 or more

Living Arrangement

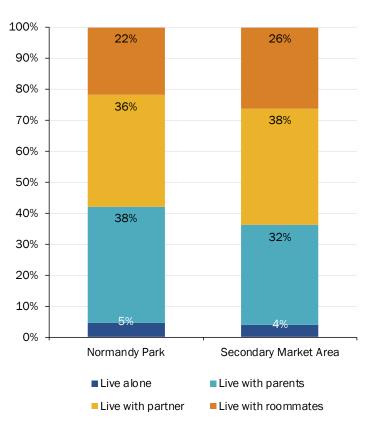
The following exhibit looks at the living arrangement of adults aged 18 to 34 years, in 2015-2019. This exhibit describes whether the young adults reside with their parents, or partner, or with roommates.

Compared to the Secondary Market Area, a larger share of the Normandy Park Primary Market Area's young adults live with their parents (about 38 percent in comparison to 32 percent).

A larger share of young adults in the Secondary market area lives with a partner or lives with roommates in comparison with the Primary market area.

Exhibit 9. Living Arrangement, Normandy Park Primary Market Area and Secondary Market Area 2015-2019

Source: US Census Bureau, 2015-19 ACS Table B09021



Median Income

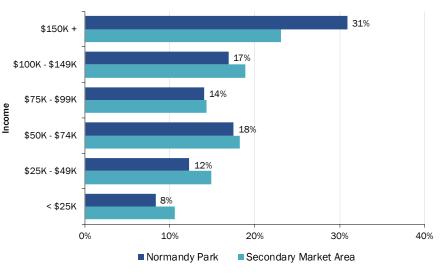
Median household incomes in the Normandy Park Primary Market Area	Market Area, See Washington 201	condary Market A	come, Normandy Pa Area, King County, a	•
are higher than the state, but lower than	\$96,057	\$85,935	\$102,594	\$78,687
the County region.	Normandy Park Primary Market Area	Secondary Market Area	King County	Washington
Income Distribution				

Approximately half of the Normandy Park Primary Market Area households have incomes above \$100,000.

The Secondary Market Area has lower rates of households with higher incomes above \$100,000.

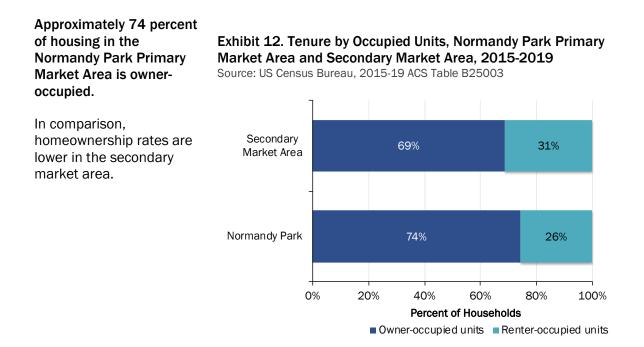
Exhibit **11**. Household Income Distribution, Normandy Park Primary Market Area and Secondary Market Area, 2015-2019

Source: US Census Bureau, 2015-19 ACS Table B19001, Note: Data are in 2019 inflation-adjusted dollars



Housing Tenure

Housing tenure tracks the percentage of owner-occupied and renter-occupied housing units. The spending preferences of people who own houses can vary from those who rent. Housing tenure does not necessarily correlate with purchasing power or household income. Recent demographic shifts, housing market volatility, and changes in mobility and job tenure have created a higher market for rental units at all income levels.



Educational Attainment

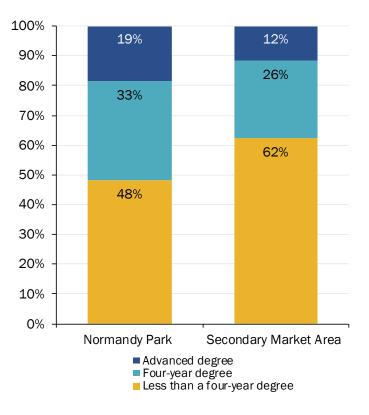
The level of educational attainment for consumers in the Normandy Park Primary Market Area is an indicator of potential spending patterns and correlates with income and future earning potential.

Residents in the Normandy Park Primary Market Area, on average, have higher educational attainment than the Secondary Market Area.

The Normandy Park Primary Market Area has a higher share of residents with a four-year degree and advance degree compared to the Secondary Market Area.

Exhibit 13. Educational Attainment, Normandy Park Primary Market Area and Secondary Market Area 2015-2019

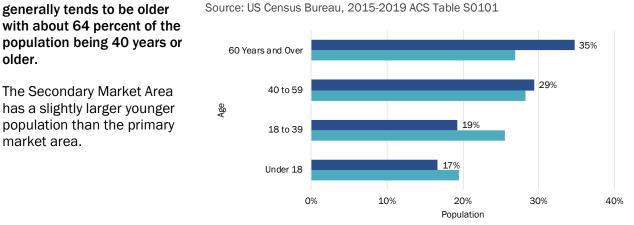
Source: US Census Bureau, 2015-19 ACS Table B15002



Age distribution

Age distribution is an indicator of consumer preference and spending power. Various age groups are at different lifestyle points and have different income levels and priorities for spending. Exhibit 14 shows the number of residents within each of the study geographies according to the market-based age categories that are a partial indicator of consumer preferences and behavior.

The Normandy Park Primary Market Area's population generally tends to be older with about 64 percent of the population being 40 years or older.



Market Area and Secondary Market Area, 2015-2019

has a slightly larger younger population than the primary market area.

> Normandy Park Secondary Market Area

Exhibit 14. Population Distribution by Age, Normandy Park Primary

Median Age

The median age in the **Normandy Park Primary** Market Area is higher than the state and the county region.

Exhibit 15. Median Age, Normandy Park Primary Market Area, Secondary Market Area, King County, and Washington 2015-2019 Source: US Census Bureau, 2015-2019 ACS Table B01002

51.2 years	44.7 years	36.9 years	37.9 years
Normandy Park Primary Market Area	Secondary Market Area	King County	Washington

Employment and Employment Type

In general, the Puget Sound region has experienced significant job growth over the last decade and this job surge has trickled into various cities in the region.

The overall employment in the City has gradually increased. Between 2010 and 2020, the total number of jobs in Normandy Park increased by 44 percent, from 646 to 932 jobs. **Exhibit 16** shows the main industries with the largest shares employment.

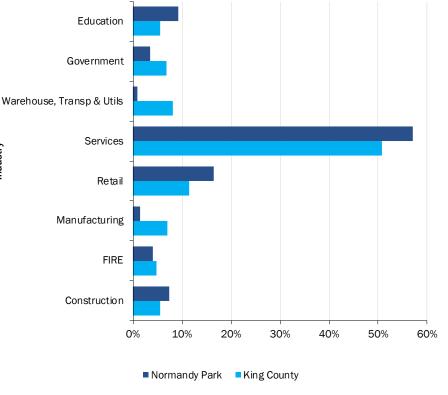
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As of 2020, the top employment industries in Normandy Park are Services (57 percent), Retail (17 percent), and Education (9 percent).

The top industries in Normandy Park are more specialized and concentrated than in the King County region.

Exhibit 16. Covered Employment, Normandy Park and King County, 2020

Source: Puget Sound Regional Council. Note: Finance, Insurance, and Real Estate (FIRE)



Spending Patterns

This section discusses the spending patterns by households in each market area and in specific retail store types. The exhibit below shows the average annual amount spent in different retail store types as well as the Spending Potential Index (SPI). The SPI is household based, and it represents the amount spent for a product or service relative to a national average of 100. For example, an SPI of 150 indicates that a household spends 50 percent more than the national average in that retail store category. The index is helpful for understanding retail potential by identifying the types of retail categories that local consumers tend to spend more in, in which new businesses may be supported because of these spending patterns.

Consumer households in the Normandy Primary Market Area spend more on retail goods and services overall compared to national trends and the Secondary Market Area. There are several categories where SPI is over 50 percent greater than the national average. Residents of Normandy Park spend 74 percent more than the national average on travel, which would be expected given the relative high household income and close proximity to the Seattle-Tacoma International Airport. Local consumers also tend to spend significantly more on shelter (i.e., rent or mortgage), computers, household furnishings and equipment, entertainment and recreation, health care, food away from home, amongst others. A detailed breakdown of SPI and average spending by retail store type is presented below.

Exhibit 17. Consumer Spending, Normandy Park Primary Market Area and Secondary Market Area Source: ESRI Business Analyst, Consumer spending are derived from the 2017 and 2018 Consumer Expenditure Surveys, Bureau of Labor Statistics. The most recent available consumer spending data is from 2017 and 2018.

	Normandy Park Primary Market Area		Secondary Market Area		
Retail Store Type	Average Spending	Spending Potential Index	Average Spending	Spending Potential Index	
Apparel and Services	\$3,283	153	\$2,738	128	
Computer	\$265	163	\$217	133	
Entertainment & Recreation	\$5,088	157	\$4,149	128	
Food at Home	\$8,126	152	\$6,794	127	
Food Away from Home	\$5,756	153	\$4,791	127	
Health Care	\$5,692	154	\$4,668	126	
Household Furnishings and Equipment	\$2,147	157	\$1,765	128	
Personal Care Products & Services	\$728	146	\$616	124	
Shelter	\$18,524	177	\$14,362	137	
Travel	\$3,214	174	\$2,529	137	
Vehicle Maintenance & Repairs	\$1,750	151	\$1,459	126	
Education	\$221	150	\$187	127	

Note: The Spending Potential Index (SPI) is based on household spending. The higher the value, the more spending potential. Yellow highlighting indicates SPI is at least 50 percent or greater than national average.

5.2 Key Demographics Summary

Increasing the vibrancy, attraction, and economic stability of Normandy Park's commercial and mixed-use areas is a core goal for the City. These areas should provide commercial and mixed-use development that meet the needs of the community. An initial step to address these needs is to identify and define the demographic characteristics describing who lives in Normandy Park. A summary of the demographic trends of the existing population living in the Normandy Park Primary Market Area and the adjacent Secondary Market Area is provided below since this provides useful background for understanding consumer demand, needs, and spending habits.

- **Population Growth:** Between 2000 and 2019, the population in Normandy Park increased by 225 people, or 3.56 percent. This is a slower rate of growth compared to the county's 26.39 percent during the same time period.
- Household Characteristics: Normandy Park has an average household size of 2.32 persons per household, which is smaller than the Secondary Market area and King County. Normandy Park has a median household income of about \$96,000 which is higher than the Secondary Market Area but slightly lower than King County's median of \$102,600. The smaller household size and lower household income indicates slightly lower overall purchasing power for resident within the Normandy and Secondary Market Area when compared to King County.
- Housing Characteristics: The percent of owner-occupied housing within Normandy Park is higher than the Secondary Market and King County (56 percent). Recent demographic shifts, changes in the housing market, and changes in the mobility and job tenure have created higher demand for rental units at all income levels.
- Educational Attainment: Residents in Normandy Park have higher overall educational attainment rates than in the Secondary Market Area and King County. Higher education typically correlates to higher future incomes and spending power.
- **Median Age:** Residents in Normandy Park are generally older with a median age of 51.2 years. The median age is higher than the Secondary Market Area and King County.
- **Employment:** Compared to King County, residents within Normandy Park are employed across different industries with a higher employment concentration in Services, Retail, and Education.
- Spending Patterns: Residents of Normandy Park spend 74 percent more than the
 national average on travel, which would be expected given the relative high household
 income and proximity to the Seattle-Tacoma International Airport. Local consumers also
 tend to spend significantly more on housing (i.e., rent or mortgage), computers,
 household furnishings and equipment, entertainment and recreation, health care, food
 away from home, and amongst others.

6. Real Estate Market Conditions and Trends

This section summarizes the current and recent historical real estate conditions for residential multifamily and commercial submarkets in the Normandy Park market areas. Commercial real estate is any non-residential property used for commercial profit-making purposes. It includes office, industrial, flex space, retail, and hotel development types. For this specific analysis we focus on community-oriented commercial uses and services including office and retail and mixed-use development (including multifamily residential trends).

6.1 Summary Trends

Compared to the Secondary Market Area, the Normandy Park Primary Market Area has a strong retail submarket. Future household growth could fuel a growing demand for multifamily residential housing in the area. This retail and residential demand could be met by new single use development (e.g., stand-alone or strip retail, and single use residential development) or through vertical mixed-use development that includes both residential and retail components. Overall, there is not enough demand for new speculative type office space in the Primary Market Area, however, local built-to-suit office space could possibly be served by the market. Below, is a high-level trends summary of the Normandy Park Primary Market Area residential and commercial real estate submarket.

- Multifamily Residential: Since 2009, multifamily rents have increased 50 percent, from \$1.11 per square foot up to \$1.67 per square foot in 2021 Q2, while vacancies have fluctuated between 2 and 7.5 percent. Rising rents coupled with a moderate vacancy rate and the limited new multifamily construction in the past decade could signal a constrained market supply and possible future demand for multifamily housing.²
- Office: Since 2009, office rents have increased 47 percent from \$9.50 per square foot up to \$13.96 per square foot in 2020. The limited observed data for office buildings in Normandy Park suggest that office vacancies are higher than in the Secondary Market Area. A low inventory of office buildings and space in the Normandy Park Primary Market Area can result in extreme fluctuations in rent and vacancy data. Compared to the Primary Market Area, the Secondary Market Area has strong office submarket with high rents and very low vacancy rates. The Normandy Park Primary Market Area does

² Vacancy rates help measure housing supply and demand market dynamics. Low vacancy rates may indicate a limited housing supply with inadequate housing production to satisfy demand while in contrast, high vacancy rates imply an over-supply of housing, reduced desirability of an area, or low demand. Housing market assessments often use five percent as a standard vacancy rate since it implies a balance between housing supply and demand. Average rental housing vacancy rates tend to be between seven and eight percent in the US. Source: Hagen, Daniel A. and Julia L. Hansen. "Rental Housing and the Natural Vacancy Rate." Journal of Real Estate Research, 2010, pg. 413-434.

not have enough demand to for new speculative type office, however, local built-to-suit office space could be possibly supported by the market.

Retail: The Normandy Park Primary Market Area has a strong retail submarket. In comparison to the office and multifamily residential real estate analysis, trends in the retail submarket indicate the strongest demand. Since 2009, Rents in the Normandy Park Primary Market Area have sustained higher rents than in the Secondary Market Area. Between 2009 and 2021, rents have increased five percent from \$24.20 per square foot up to \$25.49 per square foot in 2021 Q2. These high rents and stable vacancies suggest that the market supply is constrained, and that additional retail space is in demand.

The exhibits below show historical trends in the Normandy Park Primary Market Area's multifamily, office, and retail real estate submarkets. We provided the average effective rent rates and average annual vacancy rates for the analysis. In some exhibits, the Secondary Market Area is included as a comparison geography. In general, the analysis shows trends in Triple-Net (NNN) rents, vacancy rates, and deliveries (these are described below).

- **Triple-Net (NNN)**²: Represents annual rents on a per square foot (sf) basis not including any pass-through expenses such as taxes, insurance, and utilities or maintenance costs.
- Vacancy Rates: Represent how much space on a per sf basis is vacant in a submarket.
- **Deliveries:** Represent the total amount of new sf of each product type that has been added to the market on an annual basis.

6.2 Multifamily

A moderate vacancy rate and rising rents could signal a constrained market supply and growing demand for multifamily housing.

Between 2009 and 2021 Q2, average effective rents in the Normandy Park Primary Market Area steadily increased by 50 percent from \$1.11 per square foot in 2009 to \$1.67 per square foot in 2021 Q2.

Generally, the primary market area multifamily rents mirror that of the Secondary Market Area; however, rents have always remained below the Secondary Market Area rents.

Multifamily vacancies in the Normandy Park Primary Market Area are moderate at about 7.5 percent in 2021 Q2.

In 2021 Q2, vacancies in the Secondary Market Area are lower than that of Normandy Park.

Generally, a healthy multifamily market will have a vacancy rate between 5 and 7 percent. Rates lower than this suggests a constrained market supply and upward pressures on rents. Any rates higher indicate a weak market or an over-supply of units.

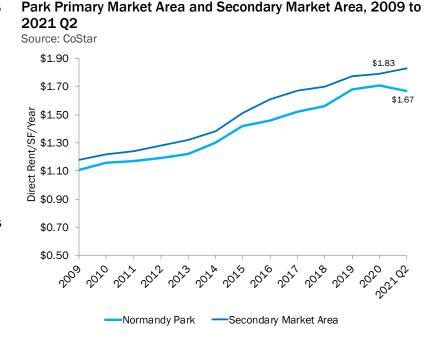
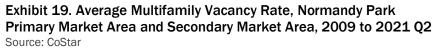
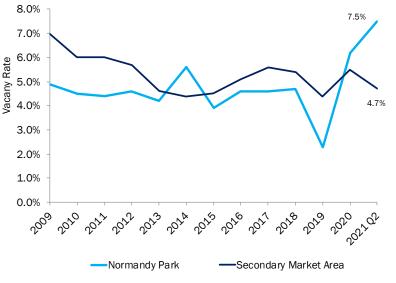


Exhibit 18. Average Multifamily Rent per Square Foot, Normandy



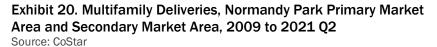


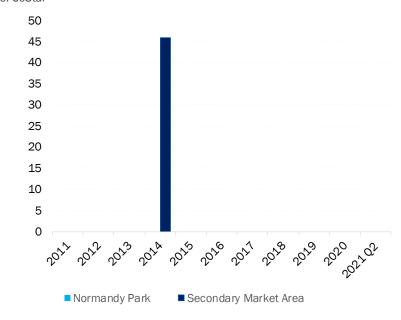
ECONorthwest

According to CoStar data, the Miller Creek Court townhomes (near S 162nd St and Ambaum Blvd S) built in 2014 was the single multifamily development in the last decade built in the Secondary Market Area, bringing 46 multifamily units to the market.

Units

Not shown in the chart to right is the Belleme mixeduse townhome development built in 2017. The Belleme townhome development is the only multifamily project built in the Normandy Park Primary Market Area in the past decade. For more detail on this project please see the Appendix, Section 11).

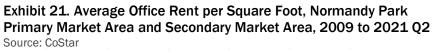




6.3 Office

The older and small office submarket in the Normandy Park Primary Market Area and its associated low rents and high vacancy rate makes it challenging for new speculative office space.

As of 2021, office rents in the Normandy Park Primary Market Area were at about \$13.96 per square foot, much lower than rents compared to the Secondary Market Area which were at \$23.45 per square foot in 2021.

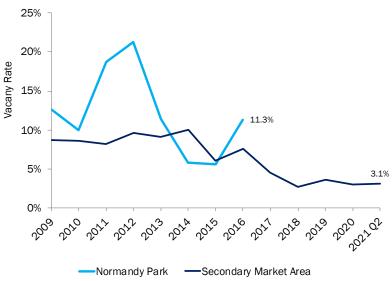




Office vacancies in the Normandy Park Primary Market Area were high at about 11.3 percent in 2016, this is based on the most recent information on office vacancies from CoStar.

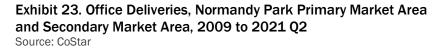
Office vacancies in the Secondary Market Area are low at about 3.1 percent in 2021 Q2.

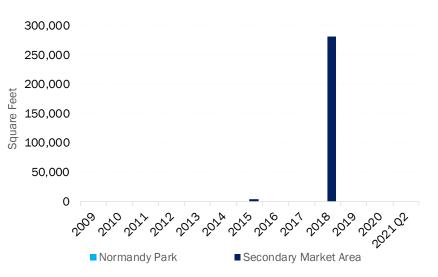




The Normandy Park Primary Market Area had no office deliveries in the past decade.

Two office developments were delivered to the Secondary Market Area in 2015 and 2018. The new FAA building in Des Moines, constructed in 2018 brought about 282,000 square feet of office space to the Secondary Market Area.





6.4 Retail

A stable vacancy rate and rising rents could signal a constrained market supply with potential for additional retail space demand.

In 2021 Q2, the average effective rent in the Normandy Park Primary Market Area is high at about \$25.49 per square foot, higher than the Secondary Market Area.

Between 2017 and 2021 Q2, average rents in the Normandy Park Primary Market Area and the Secondary Market Area have increased sharply. During this time period, rents increased 26 percent in Normandy Park and 65 percent in the Secondary Market Area, or \$5.32 and \$9.50, respectively.

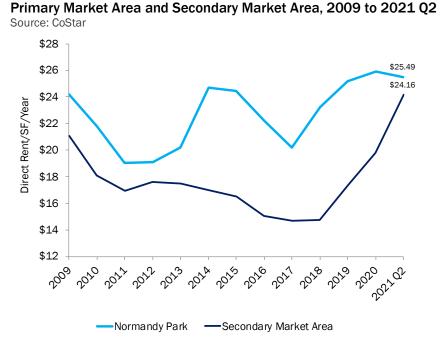
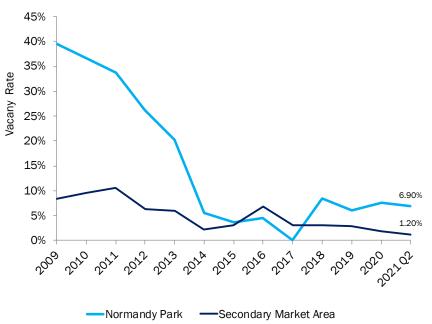


Exhibit 24. Average Retail Rent per Square Foot, Normandy Park

The Normandy Park Primary Market Area has a stable retail vacancy rate of about 6.90 percent in 2021 Q2. The primary market has been able to weather the COVID-19 impacts with a relatively stable vacancy rate by industry standards. However, the large space vacated by the former grocer Normandy Park Market is yet to be leased. The segments of retail demand identified in this analysis are unlikely to occupy larger vacant retail spaces in the Primary Market Area.

Average vacancies in the Secondary Market Area are constrained with a very low vacancy rate of 1.20 percent in 2021 Q2. A very low vacancy rate suggests a constrained supply of retail space which has resulted in the upward pressure of rising rents in recent years due to increasingly high demand.

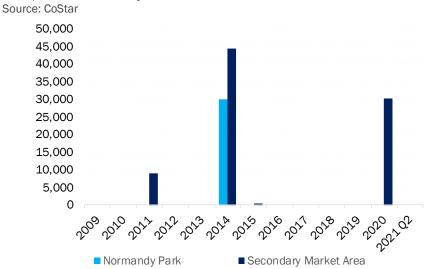




The Normandy Park Primary Market Area had one significant retail development in the past decade. The new retail strip at the Normandy Park Towne Center, constructed in 2014, provided about 30,000 square feet of new retail space.

In the past decade, four new retail developments have been built in the Secondary Market Area totaling approximately 84,000 square feet of additional retail space.

Exhibit 26. Retail Deliveries, Normandy Park and Secondary Market Area, 2009 to 2021 Q2



7. Retail Leakage and Opportunities

7.1 Understanding Leakage

A retail leakage analysis helps to understand the retail dynamics in a market area. It is commonly referred to as a "retail gap" analysis because it identifies gaps in the retail market where demand for retail goods and services within a specific category are not being met by the existing retail businesses in a market area.

Retail data from ESRI Business Analyst (a software analyst tool) was used to estimate the sales of retail goods and services to consumers by retail store type. Sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars. The retail gap represents the difference between retail potential and retail sales.

Generally retail leakage is when households in The Normandy Park Primary Market Area are spending retail dollars outside of this area, typically in other commercial areas outside of Normandy Park. This event occurs mostly because the supply of retail stores is not enough or non-existent in the area to support the demand for retail goods. Retail demand is a function of the number of households in an area and the amount of money those households spend on retail purchases annually. Retail supply is the amount of goods and services currently being offered in an area along with detail on their type and size, and projected sales figures. When demand is greater than supply, leakage is occurring, this happens when households within an area are spending retail dollars outside of the primary market area. When supply is greater than demand, there is a retail surplus, this means that the primary market area must attract people from outside the primary market area to support the local retailers.

7.2 Retail Leakage in Normandy Park Primary Market Area

Exhibit 27 below shows a snapshot of the retail leakage and supply in the Normandy Park Primary Market Area. It shows that residents are going elsewhere to shop—retail leakage is taking place across several retail categories including:

- Food services and drinking places,
- clothing and clothing accessories,
- electronics and appliance stores, and
- furniture and home furnishing stores (home goods).

General merchandise was not analyzed in this retail leakage analysis due to the limitations of the dataset and conflicting demand for grocery retails based on the recent vacancy by the former Normandy Park Market grocer at the Normandy Park Towne Center.

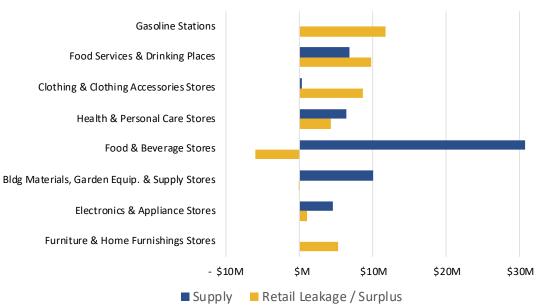


Exhibit 27. Retail Leakage within Normandy Park and Supply by Retail Store Type, 2020

Source: Esri Business Analyst, ECONorthwest Analysis

Exhibit 28 below shows in detail the dynamics of retail leakage and supply by retail store types in Normandy Park. It shows the actual dollar amounts of retail demand and supply, and how this translates to potential new retail space measured in square feet and number of retailers.

Certain retail store types were not analyzed due to a variety of factors including having an extremely localized demand (i.e., gas stations) or stores that do not require a physical brick-and-mortar store (i.e., miscellaneous stores which includes online sales and amongst others).

Motor vehicle and parts dealer stores were also excluded from the analysis because this type of store often prefers locations that are near major highways, often near other auto retailers, and require large land. This criterion generally suggests that these specific store types are not good candidates for Normandy Park to attract except for specialized small businesses not requiring as much land.

Note: While the data mostly represents current year geography, the supply- and demand-related estimates use 2017 data.

Current Retail Dynamics in Normandy Park Primary Market Area

Exhibit 28 shows the current retail leakage for Normandy Park. It shows that:

- There are five opportunity retail categories in which Normandy Park has the potential to attract. These retail categories are denoted in yellow highlighting below.
- These retail categories include furniture and home furnishing stores (e.g., home goods), electronics and appliance stores, clothing and clothing accessories, food services and drinking places, and a gasoline station.
- Approximately 10,000 square feet of retail demand could be captured in the Normandy Park Primary Market Area. This translates to about 6 to 8 small boutique retailers and restaurants and one gasoline station.

Exhibit 28. Additional Retail Growth Potential for Normandy Park Primary Market Area by Retail Store Type, 2020

Source: ESRI Business	Analyst,	ECONorthwest Ar	nalysis

Retail Store Type	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap / Leakage (Retail Sales)	Leakage Area (SF)	Number of Retailers
Furniture & Home Furnishings Stores	\$5,296,956	\$0	\$5,296,956	1,709	1
Electronics & Appliance Stores	\$5,659,819	\$4,578,857	\$1,080,962	2,402	1
Bldg. Materials, Garden Equip. & Supply Stores	\$10,069,628	\$10,074,925	-\$5,297	_	_
Food & Beverage Stores	\$24,850,082	\$31,444,563	-\$6,594,481	_	-
Health & Personal Care Stores	\$10,707,117	\$6,446,388	\$4,260,729	_	_
Clothing & Clothing Accessories Stores	\$8,982,570	\$322,203	\$8,660,367	1,443	2 to 3
Food Services & Drinking Places	\$16,556,150	\$6,736,837	\$9,819,313	4,910	2 to 3
Gasoline Station	\$11,796,227	\$0	\$11,796,227	_	1

Note: While the data are presented in current year geography, all supply- and demand-related estimates remain vintage 2017. Note: that retail leakage in a category does not necessarily equate to retail potential.

8. Stakeholder Engagement Findings

To gain perspective on potential existing economic development barriers in Normandy Park and the Manhattan Village Subarea, ECONorthwest staff interviewed a targeted set of stakeholders in Spring of 2021. These stakeholders including existing business owners, property owners, and residents of Normandy Park.

In total, the project team interviewed eleven stakeholders. Of those who responded, there were a mix of individuals who own homes or property in Normandy Park, operate a business in the city, have lived in the city for a long time, recently moved to the city, or do not live in the City (see exhibit below).

Note: A stakeholder may have more than one characteristic	
Characteristic	Count
Business Owners	4
Property Owners	3
Homeowners in Normandy Park	7
Lived in Normandy Park 5+ years	6
Live in Normandy Park less than 5 years	1
Doesn't live in Normandy Park	4

Exhibit 29.	Characteristics	of Stakel	nolders
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8.1 Summary Key Themes from Stakeholders

Below is a high-level summary of responses received from the interviewees.

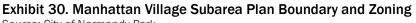
- Most interviewees suggested that a strength of Normandy Park is the residential and intimate small town feel of the community. Regardless of whether they want more retail/commercial development, most interviewees said that they don't want to lose the residential nature of the area.
- The input was mixed about whether the area should have more retail/commercial development. About half of the interviewees wanted more retail/commercial development, while the rest seemed to desire the opposite.
- Most interviewees expressed a desire for more pedestrian walkability improvements being integrated in the area. A couple interviewees saw the current walkability improvements as a strength. However, one business owner expressed that they want the area to remain car-friendly, and two interviewees expressed concern about the current orientation of the Normandy Park Towne Center storefronts facing toward the street rather than inside the parking lot (drivers in the parking lot cannot see inside the storefronts before deciding whether to shop there).

- Some interviewees expressed that there is **traffic on 1st Avenue South** that can be an impediment to business patronage.
- Some business owners expressed frustration with the lack of parking in the Manhattan Village area, as it can lead to reduced business patronage and availability of parking space for employees.
- Businesses could use more engagement and outreach from the city, as well as responses to the concerns that they currently have.
- Many interviewees want the city to continue the activities/events they do throughout the year, such as music in the park and the bird watching program. However, a couple mentioned that some businesses do not like when the events take place directly on their property or in the parking lots where their customers/employees need to park.
- There is an even split of opinions on whether more housing should be incorporated into the commercial areas. While some think that housing would help bring more people to the area, others were concerned about more multifamily type housing.
- Some retail/commercial services that people would like to see in the area are:
 - **Food services:** Ice cream shop, local brewery, high-end restaurants, fast casual restaurants, bakery, sushi place
 - **Retail/Other:** Family-owned pharmacy, nail/hair salon, Target or Pottery Barn, flower shop or cobbler, climbing gyms
 - Farmers' market
- A couple of business owners expressed concerns about the high prices associated with renting and paying for utilities in the area.
- The pandemic has worsened conditions for certain businesses, due to occupancy rules, increasing costs of running a business and adhering to PPE requirements, and difficulty hiring employees.

9. Assessment of Opportunities and Challenges

The purpose of this section is to provide an analysis of Strengths, Weakness, Opportunities, and Threats (SWOT) for the Normandy Park's Manhattan Village Subarea (MVSA). The SWOT analysis builds off Normandy Park's assets and challenges identified in Normandy Park's Economic Development Element. The analysis is also intended to guide and document the process of drafting and refining clear recommendations and actions that the city can take toward achieving its vision and goals for the MVSA. The plan area for the MVSA encompasses the Manhattan Village, Nist Park, and southward along 1st Avenue South as far as SW 186th Street extending west to the alignment of 2nd Avenue SW (see the exhibit below).





What is a SWOT Analysis?

A SWOT analysis is a strategic planning approach that serves as a useful tool for comparing positive attributes, resources, and possibilities against negative factors and constraints. Analyzing the strengths, weaknesses, opportunities, and threats for the MVSA will help to broaden the understanding of the physical, economic, and political opportunities and constraints of the area.

SWOT factors

An effective SWOT analysis focuses on identifying the key internal and external factors — both positive and negative — that many either support or hinder the ability to achieve the desired project vision and objectives. The SWOT analysis then leads to the development of specific strategies to addressing these factors and the relationships between them.

Components of a SWOT Analysis

- Strengths: Positive internal attributes that are helpful for achieving objectives
- Weaknesses: Negative internal factors that may present challenges in achieving objectives
- **Opportunities:** Positive external conditions that may reinforce objectives or enable objectives to be achieved
- **Threats:** Negative influences that may make it difficult to achieve objectives if not mitigated or properly addressed.

SWOT Matrix

- Economic Development and Market Conditions
- Land Use Planning and Regulatory Environment
- Urban Design
- Community/ Social and Socio-Economic
- Transportation
- Infrastructure and Utilities
- Environment and Natural Conditions

9.1 Economic Element SWOT Analysis for Normandy Park

Normandy Park Assets

Located along the shores of Puget Sound, Normandy Park is a small suburban city with convenient access to SeaTac International Airport, Burien, and Des Moines via Highway 509 and I-5. The city places high priority on the health of the residential and small business community. Normandy Park is home to numerous natural trails and parks that provide residents convenient access to green spaces. Normandy Park also has several high-value residential neighborhoods, offering a high quality of life, that are in high demand. The exhibit below, taken from the Economic Element of Normandy Park's Comprehensive Plan, describes the citywide assets and challenges. Generally, Normandy Park has challenges associated with the lack of economic development, the isolated location, and the retail base not being able to capture the local spending power. This concern is discussed in greater specificity in the following section as it pertains to the MVSA.

	ASSETS	CHALLENGES
Geography	Proximity to SeattleProximity to Seattle International Airport	 Relatively isolated location west of major regional employment and retail centers General slow-down in tourism due to COVID-19
Transportation	 Easy access to 1st Avenue South, Burien, & I-5 King County Metro's Pilot program, 'Metro Connects,' connects residents to transit. 	
Housing	Established residential areaSmall-town feel and access to green spaces	 Shortage of housing diversity Lack of affordable housing options except for higher income earners
Demographics and Workforce	 Good access to educated workforce Median household income is higher than King County as a whole 	 Not many options for local employment Retail base is not able to capture local spending power
Education	 Public schools available to Normandy Park students are excellent. 	
Public Safety and Civility	 Safe, clean streets 	Low foot traffic
Economic Drivers	 Housing (short-term and longer-term) Innovative housing types Rental housing Small office, especially medical offices Retail - services and convenience businesses around a neighborhood shopping center 	 Small market and a large amount of retail nearby in Federal Way, Seattle and Burien mean Normandy Park is not likely to attract large retailers
Business Climate	 Need to understand impact fees and taxes 	 Permitting and city processes have historically been perceived as unclear or unpredictable Zoning code does not allow the heights needed for projects to be feasible for a developer
Quality of Life Amenities and Image	 Excellent quality of life: strong neighborhoods, quality schools, excellent parks 	 Not many people in the region are familiar with what Normandy Park has to offer

Exhibit 31. Normandy Park Assets and Challenges

Source: City of Normandy Park; Economic Development Element

9.2 Summary of SWOT Analysis, Manhattan Village Subarea

Economic Development and Market Conditions

The Manhattan Village Subarea (MVSA) has a neighborhood commercial center with a diverse tenant mix that provide retail and services to the community. The Manhattan Village Shopping Center is in close driving distance to other major commercial centers that compete for a similar customer base. The Manhattan Village Shopping Center has an opportunity to distinguish itself and Normandy Park as a destination place that sets itself apart from the other competing commercial areas.

Currently there is strong demand for retail spaces throughout the City of Normandy Park which results in low vacancies and limited opportunities for new businesses to locate in the subarea. The strong presence of small businesses in Normandy Park, signifies a promising picture for local entrepreneurs trying to open new storefronts. The limited new construction of residential development coupled with high cost of housing, signals demand for more affordable housing options that usually tend to be rental housing units and attached housing that is either ownership or rental. The MVSA has an opportunity to support mixed-use development under the right economic conditions. However, a key problem faced by many developers is the uncertainty due to the rising costs of development, limited land to develop, and other development barriers. The MVSA has some land that could be redeveloped for higher density mixed-use development. Some development barriers such as outdated regulations in need of updates can make development less feasible. It is therefore important to consider opportunities to decrease regulatory barriers for new development and to reduce permitting complexity.

Land Use Planning and Regulatory Environment

The primary tools that Normandy Park has at its disposal to support development are associated with the land use and regulatory environment. The City's goals and vision for the MVSA are ambitious, therefore the land use and regulatory environment should be updated and amended to support the desired development for the area. The current regulatory environment in the non-single family residential zoned areas is not supportive of higher intensity development that sometimes is needed to make development projects pencil out financially. In addition, the City has an opportunity to explore strategies for creative land divisions that support incremental development on large parcels of land. Utilizing incentive tools such as tax increment financing (TIF) can help jump start development in the short-term.

Urban Design

Normandy Park is a suburban city with exceptional views of the Puget Sound and good quality pathways and trails. Current trends suggest a shift in consumer preference and development toward a walkable urban environment in suburban communities. The goals and vision for the MVSA incorporates several best practices for a walkable dense community, therefore it is important that the land uses in the subarea plan are supportive of the vision and goals. Land

uses and the regulatory environment should be flexible to support new development that help achieve a walkable dense mixed-use commercial center.

Community/Social and Socio-Economic

Overall, the area's steady population and household increases have created demand for several retail goods and services in the City as a whole. The Manhattan Village Shopping Center is in a position to attract incremental commercial development and/ or reposition of existing commercial buildings. The MVSA has some underutilized development opportunities in areas that lack retail density and activity, solutions might include a temporary food cart pod to enhance visitation, foot traffic, and demand for retail.

Transportation

Generally, Normandy Park has some good walkable streets and clearly defined commercial nodes. The City has recently made sidewalk improvements within the subarea notably around the Manhattan Village Shopping Center and Southwest 178th Street. However, the Manhattan Village Shopping Center lacks alternative transportation options and does not have good multi-modal paths. As a result, the customers of the shopping center rely on a car and adequate parking to get to the shopping center. Parking availability and increasing multi-modal transportation options is important to business success. The MVSA has a few missing sidewalks that could be extended to ensure there are sidewalks throughout the subarea plan that connect to several community amenities like parks and shopping centers.

Infrastructure and Utilities

Infrastructure and utilities for new development can substantially increase development costs on a project. It is unknown yet whether new development would need to improve existing infrastructure or utilities to support the development. The City should explore funding tools such as TIF to help fund needed infrastructure and utility projects to support new development.

Environmental and Natural Conditions

Generally, most of the land in the Subarea is flat and does not have any areas with steep slopes which could make new development challenging. Part of the MVSA is a designated receiving site for TDR Program, which help preserve land and steer development growth away from rural and resource lands. Additional incentives could be explored to encourage greater use and performance of the TDR program.

9.3 Opportunities and Challenges, MVSA

Based on conversations with local stakeholders, the Economic Development Committee and Planning Commission, the findings of the data analysis, and the SWOT analysis for the MVSA, the team has summarized the following high-level challenges and opportunities for the MVSA.

	/OT Analysis Summary - MVSA, High Level Opportunities and Challenges
Source: ECONorthwest	Iwest

Opportunities	Challenges
 Support Normandy Park as a destination for specialty use and leverage local assets Leverage Puget sound views for rooftop activity and use as a part of mixed-use development Explore temporary activation uses to attract visitors (i.e., food carts, place-making, outdoor seating, and dining) Partner with landowners/developers to develop key opportunity sites Leverage funding tools like tax increment financing (TIF) to encourage and facilitate private investment in areas with redevelopment potential. Consider the creation of a mid-term redevelopment strategy for key opportunity site(s) Update/ amend development regulations for greater retail flexibility and higher intensity development Explore land division of parcels for incremental/ phased development Continue making street improvements along 1st Ave South for increased ped/ bike connections 	 Proximity to other competing commercial centers Limited commercial zoned land Limited opportunity for infill development Regulatory barriers High cost of new development Parking supply Limited ped/ bike connections and sidewalks Infrastructure Contaminated soils at Harris Property

The next section provides additional detail to the above summary through two exhibits – the first, Exhibit 33 describes the strengths and weaknesses and the second, Exhibit 34 describes the Opportunities and Threats for the MVSA.

Exhibit 33. SWOT Analysis Matrix—MVSA, Strengths and Weaknesses Source: ECONorthwest

Strengths	Weaknesses
Economic Development and Market Condition	าร
 Common ownership across most of the Manhattan Village Shopping Center and land north of the strip center Suitable zoning to allow diversity of uses Recently built mixed-use development Several underutilized land/ parcels Good tenant mix of commercial uses in the Manhattan Village Shopping Center High retail rents and moderate vacancies in the Manhattan Village Shopping Center Good transportation access General upkeep and consistent look across the entire Manhattan Village Shopping Center Demographic characteristics in Normandy Park are supportive of community serving development Strong destination retail that can be built upon to serve other customer needs (i.e., restaurants) Near major employers and airport Through point for commuters between Seattle and South of Normandy Park 	 Possible contaminated soils still present on a portion of the undeveloped land north of and behind the strip center. Limited amount of population density to support full vision of the subarea plan Proximity to other competing commercial centers Not enough demand for a boutique hotel Non-residential gross floor area requirements in NC are restrictive to development in MU and MC Small employment base

Strengths	Weaknesses	
Land Use Planning and Regulatory Environme	nt	
 The MVSA Plan provides an opportunity to gain additional density up to a max of 6 stories or 75 feet and additional density with the use of the TDR Program Limited land for commercial uses 	 NC does not specify allowable unit densities and only relies on yard setbacks, parking, height, and gross floor area restrictions High parking minimums for several commercial uses Design review could slow development process and permitting TDR program challenges with incentivizing new development since a program participant would have to buy and conserve land in a sending area to gain the density bonuses. The City reported that no one has used the TDR program as of September 2021. 	
Urban Design		
 Recent improvements and construction of sidewalks along 1st Avenue South and SW Normandy Rd. Scenic views to the west of the Puget Sound. 	 Small single-story development on individual pad sites and one strip retail building in the Manhattan Village Shopping Center The commercial area is configured as auto-oriented commercial with buildings oriented towards parking lots accessed by and fronting public right 	

 No open space amenities except for the Nist Park

of way

- The large commercial shopping center and other larger land in the subarea would require better circulation and access for land divisions
- The shopping center has no internal pedestrian circulation/ walkways

Strengths	Weaknesses
Community/ Social and Social-Economic	
 High household income and education attainment Good quality park near the Manhattan Village Shopping Center, such as Nist Park Good quality schools 	 Slow population growth Mixed community support for redevelopment in the Manhattan Village
Transportation	
 Good basic existing transportation network Good access to State Highway 509 and I-5 Urban grid generally good 	 1st Ave South is a small 2-way collector street
Infrastructure and Utilities	
 Most parcels already have electricity, water, gas, and telephone service 	 Possible lack of water and sewer capacity for higher intensity redevelopment
Environmental and Natural Conditions	
Relatively flat slopes across most of the subarea plan which lend well for redevelopment	 Contamination of soil on properties north of the Manhattan Village Shopping Center

Exhibit 34. SWOT Analysis Matrix—MVSA, Opportunities and Threats Source: ECONorthwest

Source: ECONorthwest	
Opportunities	Threats
Economic Development and Market Condition	ns
 Utilize state brownfield resources to remediate contaminated land north of the strip retail Clarifying a vision for the role of the Normandy Park commercial areas and their relationship to other nearby competitive areas (downtown Des Moines and Burien) Opportunity to distinguish Normandy Park as a destination place with an attractive use Create possible branding for Normandy Park's commercial areas Shift in lifestyle for older households. As they age, they downsize to smaller housing types. Increasing market demand for close-in suburban areas with walkable amenities and retail Possible demand for small coworking shared office space with increased rates of remote work 	 Successful nearby commercial areas like the 5 Corners Shopping Center, Downtown Burien, and Downtown Des Moines Proximity to other major hotel clusters like Sea Tac Potential community response to higher intensity development Weak economy for new speculative office space Potential high remediation costs for properties north of the Manhattan Village Subarea High construction and labor costs
Land Use Planning and Regulatory Environme	ent
 Opportunity to create a pathway for strategic land divisions for incremental development Update/amend city policies and zoning to support high intensity development Opportunity to use incentive tools like tax increment financing (TIF) and waiver of fees to support desired development 	 Phasing/timing of redevelopment is unpredictable Parking demand to support development Current incentives are not supportive/attractive for new development

Opportunities	Threats
Urban Design	
Shift in consumer preference and development for walkable urban environments in suburban communities	 Conflict of State Highway 509 being a main street versus a main thoroughfare
Community/ Social and Social-Economic	
 Pathway and trails connections and opportunity for community open space Redevelopment can generally improve underutilized areas of the subarea plan and will improve economic conditions for new development 	 Potential community conflicted about new development Changing political perspective/ support
Transportation	
 Expanded bike and ped trails to major off- street trails (i.e., Lake to Sound Trail) and existing paths Finish completing the Complete Streets concept for the rest of SW Normandy Rd and 1st Ave S. 	 Lack of funding for needed transportation projects and improvements
 Increase transit service around the subarea Opportunity for improving traffic egress/ingress onto 1st Ave S 	

Infrastructure and Utilities

The City has adequate electricity infrastructure to support greater use	Lack of Telecom
Telecom support	

Opportunities	Threats
Environmental and Natural Conditions	
 Opportunity to improving natural open space access across the subarea plan and Manhattan Village Shopping Center Opportunity to using transfer of development rights (TDR) 	 Some land requires additional environmental clean-up

10. Draft Recommendations

Grounded by the results of this work and informed by community engagement, the consultant team is providing the following preliminary recommendations specific to the MVSA in the section below. These recommendations aim to help advance the goals set forth in the recently adopted Normandy Park Economic Development Element.

The recommendations have been classified into the following four overarching goals and are not ordered in any rank or priority:

- support existing businesses,
- align regulations with the needs of new development,
- improve infrastructure and transportation facilities, and
- create a development strategy framework.

10.1 Support Existing Businesses

A variety of strategies could be pursued to improve the stability of existing local businesses. These businesses help build strong vibrant walkable communities by linking neighbors to needed services while also providing jobs and generating revenue for the local economy.

- Improve the retail experience by ensuring that the Manhattan Village Shopping Center becomes a destination and businesses are active and vibrant for residents to spend their time and disposable income. Normandy Park is surrounded by high performing commercial centers in Burien, Des Moines, and Sea Tac that act as competitors to retailers in Normandy Park. Normandy Park has an opportunity to leverage its assets and pivot the Manhattan Village Shopping Center to become more of a destination. The creation of a comprehensive retail attraction campaign could aid in retail recruitment efforts as well as identifying and addressing public realm improvements and programming local activities and events. Strategies could be developed to attract a larger customer base such as adding vehicle charging stations nearby retail, food related, and other businesses, that those waiting for their car to charge could frequent.
- Fill gaps in the retail environment by promoting creative temporary uses that will activate storefronts (i.e., food carts, art fairs, farmer's market, community events, etc.), increase exposure, and increase foot traffic. The City of Normandy Park currently has a 6.9 percent retail vacancy rate, a stable rate by industry standards. However, this rate differs by commercial center. To ensure that underutilized retail and even public spaces do not detract from the customer experience, the City can help promote short-term

programs and activities that help bring in new customers and provide new experiences that competitor shopping centers do not offer.

• Enhance existing support and build capacity for local business champions through partnerships by seeking ways to support existing businesses to implement the vision for the subarea. A partnership between the City and local business champions can help each other with retail retention and recruitment, as well as identifying physical improvements and providing financing tools to achieve them. Leverage regional partnerships with the Seattle Southside Chamber and other agencies partner agencies such as Highline CC's Small Business Development Center to recruit desired businesses and promotion of investment opportunities.

10.2 Align Regulations with the Needs of New Development

Development regulations play a critical role in determining what can be viably built. These stipulations can impede a developer's ability to build businesses a City wishes to attract in a commercial or mixed-use area. Similarly, overly restrictive housing development regulations can reduce the economic feasibility of building diverse housing and mixed-use development which can provide an expanded customer base needed to support new businesses. Regulations mutually supporting residential and business development can be aligned to lead to overall greater community vibrancy, connectivity, stability, and place-making. The following section highlights preliminary regulatory recommendations that the City should consider.

- Address regulatory barriers that provide flexibility for retail uses supporting outside dining, redevelopment of higher intensity development, and aligning regulations with development feasibility considerations and development goals.
- Improve regulatory code clarity between the general municipal code and the Normandy Park Manhattan Village Subarea Plan (MVSP) Planned Action Ordinance. Initial review of the MVSP Planned Action ordinance does not provide clarity whether the planned action ordinance supersedes the base zoning and regulatory code.
- **Amend**/ **update the regulatory environment** such as setbacks, height, scale, and density that limit development potential and feasibility.
- Adjust parking requirements of the MVSP to ensure retail and other commercial uses do not result in over supply of parking, where more on-site parking is required than necessary which will significantly increase development costs.
- **Recalibrate TDR Program** to increase its use and help support new development. Explore possible updates to the program that would make development more feasible.

10.3 Improve Infrastructure & Transportation

Infrastructure and transportation focused- strategies help to add key community improvements such as pedestrian facilities which are useful for attracting people to a commercial or mixed-use area and connecting them to needed services.

- **Improve pedestrian and bicycle connections** between residential and commercial nodes and amenities.
- Leverage infrastructure improvements to create an identity for Normandy Park through wayfinding features, public art, and possibly more gateway features.

10.4 Create a Development Strategy Framework

Develop a development strategy framework with tax increment financing (TIF) funding to facilitate private investment along 1st Avenue South.³ Coordination between the City and key private partners/ property owners will be required to use this tool. The city can help kick-start development along 1st Avenue South by creating a competitive Request for Proposal process to targeted areas within the MVSA that will help achieve the areas' goals and offer TIF funding to support the development of public infrastructure to help close the gap on development feasibility. The development strategy should identify key opportunity sites for development and engage potential partners. Creating a shared development agreement will ensure that the City's vision for the area will be realized through the partnership. Given the newness of the TIF provisions, we recommend thorough research describing different TIF options and eligibility requirements and analysis of future development potential, TIF revenues, and potential mitigation needs.

³ TIF financing has become more of viable tool to use in Washington cities due to new state legislation signed on May 10, 2021. TIF enables local governments to promote private development in targeted areas by financing public infrastructure and community improvements with the additional property taxes resulting from increased property values due to improvements. TIF is widely used across the nation, but Washington had barriers preventing traditional use of this tool. Now this tool can be used to capture all the additional local property tax revenue rather than previous restrictions associated with the One Percent Rule. ESHB 1189 establishes that the earliest time period for increment area to into effect would be June 1, 2022. Source: <u>https://www.jdsupra.com/legalnews/washington-state-s-expanded-tif-4871064/</u>

11. Appendix

11.1 Summary of Manhattan Village's Land Use Regulations

MVSA Zoning Regulations Summary:

- 1. NC (Neighborhood Commercial): The NC zoned areas are located adjacent and around the intersection of 1st Avenue and 178th Street in the MVSA (approximately 10 acres). This zone combines shopping, business, and personal service activities into a cohesive neighborhood focal point that promotes pedestrian activity. Secondary uses including professional offices and multiple-family residential uses are encouraged to add vitality particularly if in close proximity to transit facilities. The NC zone regulations stipulate that development should provide safe and connected vehicular and pedestrian routes, in a way that minimizes impacts to adjacent single-family residential areas. Code Section 18.100.010 provides site and building design standards for the commercial, mixed use and multifamily zones in the MVSA, along the 1st Avenue South corridor to encourage high quality design with careful consideration to the pedestrian experience. Key development standards (Code Chapter 18.15 and TDR Code Chapter 18.82) for the NC zone are described below:
 - a. No minimum lot size or lot coverage restrictions.
 - b. Dwelling units per acre: For every TDR used, a density bonus of 4,300 square feet is available for the NC Zone (Code Section 18.82.050.2b).
 - c. Building height: 45 feet limit.
 - i. TDR Bonus Building Height: Within 150 feet of 1st Avenue South, the maximum building height must not exceed six stories or 75 feet in height; within 50 feet of a single-family residential zone, the max building height must not exceed four stories or 45 feet in building height; and for the remaining areas adjacent to a single family residential zone, the max height must not exceed five stories or 55 feet (Code Section 18.82.050, see Exhibit 35 for the specific areas).
 - ii. Those projects up to 45 feet in height in the RM zones and up to 65 feet in height in the NC zone shall be subject to Tier 1 design review. (Code Section 18.23.040)
 - d. Gross Floor area ratio: Up to 1.5 (combined) up to 0.5 for nonresidential, and 1 for residential (Code Section 18.15.032 Chart of gross floor area ratio for NC and MU zones). *Projects with nonresidential and residential uses are allocated the most density.*
 - e. Setbacks: Front is 2 feet. When adjacent to R zone (residential zone), the rear and side yard setbacks are 20 feet. Areas not adjacent to a residential zone, do not have rear and side yard setback requirements.

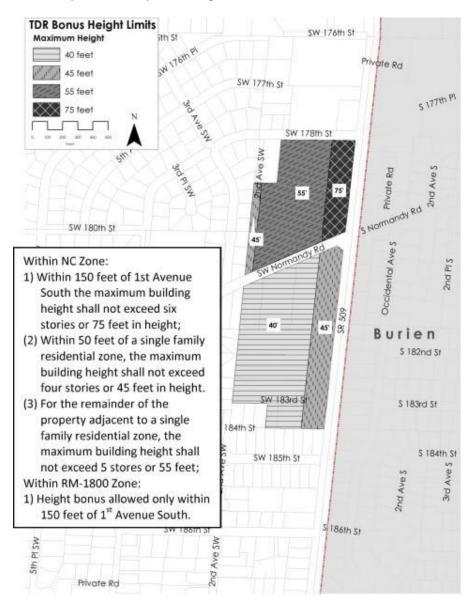
- i. Where a commercial or mixed-use development abuts a single-family residential zone, an additional 10-foot setback from the zone line shall be required (Code Section 18.100.060).
- 2. Mixed Use: A small two-acre area in the southern edge of the MVSA is zoned Mixed Use (MU), a zone that allows professional or business office, medical clinics, limited personal services, multiple-family residential, and cottage style housing uses. Code Section 18.100.010 provides design standards and guidelines for the commercial, mixed use and multifamily zones in the MVSA, along the 1st Avenue South corridor to encourage high quality design with careful consideration to the pedestrian experience. This section includes design guidelines/standards associated with the nonmotorized corridor, site design, building orientation, and parking lots. Development in this area should be proximate to transit services and should ameliorate impacts to adjacent single-family residential areas, where applicable (Code Section 18.10.030 and TDR Code Chapter 18.82).
 - a. No minimum lot size or lot coverage restrictions.
 - b. Dwelling units per acre: For every TDR used, a density bonus of 2,500 square feet or 2.5 units are available for the MU Zone (Code Section 18.82.050, 2b). Bonus units/square feet in the MU zone must be used for cottage housing developments that comply with the requirements of Code Chapter 18.52 (Cottage Housing).
 - c. Building height: 35 feet limit and the ridge of pitched roofs with a minimum slope of three to twelve (3:12) may extend up to 45 feet. (There is no TDR Bonus building height for the MU zone.)
 - d. Gross Floor area ratio: Up to 1.25 (combined), up to 0.5 for nonresidential, and 0.75 for residential (Code Section 18.15.032 Chart of gross floor area ratio for NC and MU zones). *Projects with nonresidential and residential uses are allocated the most density.*
 - i. TDR Bonus Density: For every TDR used, a density bonus of 4,300 sq. ft. is available for the NC Zone (Code Section 18.82.050, 2b).
 - e. Setbacks: Structures with street level dwelling units must be set back a minimum of 10 feet in the front. When adjacent to R zone (residential zone), the rear and side yard setbacks are 25 feet; however, when the residential use is multifamily, the side yard setback in the MU zone is 10 feet. Areas not adjacent to a residential zone, do not have rear and side yard setback requirements.
 - i. Where a commercial or mixed-use development abuts a single-family residential zone, an additional 10-foot setback from the zone line shall be required (Code Section 18.100.060).
- 3. **RM-1800 MF (Medium Density Multifamily Residential):** Several areas (totaling approximately 15.5 acres) near SW Normandy Road and west of SR 509 are zoned RM-1800 in the MVSA (more detail is provided in Exhibit 3). This zone has medium residential density restrictions. Key development standards for the RM-1800 MF zone are described

below (based on Normandy Park Municipal Code (NPMC) Chapter 18.15 and NPMC Chapter 18.82):

- a. Minimum Lot Size: 1,800 square feet
- b. Dwelling units per acre: 24
- c. Building height: 30 feet limit
 - i. TDR Bonus: A 45 to 55 feet height bonus is allowed only within 150 feet of 1st Avenue South (Code Section 18.82.050).
 - ii. Those projects up to 45 feet in height in the RM zones and up to 65 feet in height in the NC zone shall be subject to Tier 1 design review. (Code Section 18.23.040).
- d. Gross floor area ratio: 0.5
 - i. TDR Bonus: Development that uses TDR may increase the gross floor area ratio by 0.25 for a total allowable GFAR in the RM-1800 zone of 0.75 (NPMC Section 18.82.050).
- e. Lot coverage: 50 percent
- f. When adjacent to R zone, the setbacks for the front and side yards are 15 feet, the setback for the rear yard is 10 feet, and the setback for the side yard is 10 feet.
- 4. **R7. 2 SF (High Density Single-Family Residential):** This zone allows higher density of single-family homes. Several areas (totaling around 11 acres) near SW 185th Street and SW Normandy Road are zoned R7.2 in the MVSA (Exhibit 3 has more detail). Based on Code Chapter 18.15, key development standards for the R7.2 zone are described below:
 - a. Minimum lot size: 7,200 square feet
 - b. Dwelling units per acre: 6
 - c. Building height: 25 feet limit and Gross Floor area ratio: 0.35

Exhibit 35. TDR Bonus Height Limits, Normandy Park Municipal Park

Source: City of Normandy Park Comprehensive Plan



Parking Standards

RESIDENTIAL USE	MINIMUM SPACES REQUIRED	MAXIMUM SPACES ALLOWED
Dwelling units:	1.0 per unit plus 1.0 per bedroom after 3 bedrooms; 1.0 per accessory dwelling unit	2.0 per unit plus 1.0 per bedroom after 3 bedrooms; 1.0 per accessory dwelling unit
Retirement homes:	0.8 per dwelling unit	1.5 per dwelling unit
Rest homes, nursing and convalescent homes:	0.25 per bed plus 1.0 per day shift employee	1.0 per bed plus 1.0 per day shift employee
Congregate care facilities:	0.5 per dwelling unit plus 1.0 per day shift employee	1.5 per dwelling unit plus 1.0 per day shift employee

Chart 18.25.020a General Residential Parking Standards

NONRESIDENTIAL USE	MINIMUM SPACES REQUIRED	MAXIMUM SPACES ALLOWED
Churches, synagogues, and temples:	1.0 per 4 fixed seats plus 1.0 per 50 square feet of gross floor area without fixed seats for assembly purposes	
Day care facilities and preschools:	2.0 plus 1.0 per employee	5.0 plus 1.0 per employee
Financial institutions:	3.0 per 1,000 square feet	5.0 per 1,000 square feet
Food stores and markets:	3.0 per 1,000 square feet	5.0 per 1,000 square feet
Governmental buildings, studios, professional and business offices:	3.0 per 1,000 square feet	5.0 per 1,000 square feet
Hotels/motels:	1.0 per room plus 1.0 per employee on any given shift	
Medical office:	3.0 per 1,000 square feet	5.0 per 1,000 square feet
Personal services:		
Without fixed stations:	3.0 per 1,000 square feet	5.0 per 1,000 square feet
With fixed stations:	1.5 per station	2.0 per station
Restaurants and cafeterias:	8.0 per 1,000 square feet	15.0 per 1,000 square feet
Retail sales and service stores:	3.0 per 1,000 square feet	5.0 per 1,000 square feet
Theaters:	1.0 per 4 fixed seats and/or 1.0 per 100 square feet of gross floor area without fixed seats for assembly purposes	

Note: Shared use of off-street parking (18.25.010) may occur where two or more uses on the same or separate sites are able to share the same parking spaces because their parking demands occur at different times, for example residential and office uses.

Summary of Normandy Park's Hotel Study

In 2019, the City of Normandy Park hired BERK Consulting to conduct a market analysis assessing the demand for hotel lodging in the City. In this study, they described national conditions and trends that may impact the success of a hotel being financially stable in the City. This included a discussion of the macroeconomic volatility of hotels and the ways that a multi-use project may reduce some of this risk.

At a national level, boutique hotels are outperforming large hotel and motel chains. Locally, the Sea-Tac International Airport had an expectation to double airport traffic by 2034, and to accompany this growth, they anticipated a need for additional lodging capacity nearby. However, this assessment relied on 2017 to 2019 data and was completed before COVID-19 completely disrupted the hotel, lodging, and travel industry worldwide.

This study determined that a boutique or longer-stay style hotel may fare well in Normandy Park, especially given its proximity to the airport (10-minute drive) and connection to both Seattle and Tacoma (30-minute drive either way). Given this, they determined that a mixed-use development with an event space, residential or commercial or coworking opportunities, combined with the favorable land value of commercial property may be viable in the City.

The economic and travel impacts of COVID-19 may have changed the viability of a boutique hotel near-term, but with the increase in travel following the lifting of restrictions, there may be some opportunity still.

Recent Development Trends and Vacancies

Recent commercial and mixed-use development in the Normandy Park Primary Market Area includes the Sapphire on Normandy Road development (below), and significant tenant improvement work in the Normandy Park Towne Center. There have been several business closures including a grocery store, fitness center, restaurants, and other retail in the Primary Market Area geography as well as in the Secondary Market Area. The city has recently engaged with the new owner of the Belleme development's mixed-use commercial building (below) to finish it out.

Exhibit 36. Recent Development in the Normandy Park Primary Market Area

Source: CoStar, Trulia, CBRE, Commercial MLS

Sapphire on Normandy Road



Type: Mixed Use and Residential

Construction Start: 2021

Description: The Sapphire on Normandy Road adjacent to John Knox Presbyterian and the Manhattan Village Shopping Center is undergoing permitting (Site Plan and Type I Design Review). The site will be divided properties with a 24-lot subdivision. The development will result in 22 townhouses in six buildings and a 6,300 squarefoot mixed-use building with ground floor live-work commercial space and three residential units above all alongside an existing nine-unit multifamily residential building.

Belleme Mixed-Use Townhome Development



Type: Mixed Use and Residential

Year Built: 2017

Description: The Belleme Townhomes is a 1.66acre mixed-use development site with 5 townhome buildings containing 23 townhome units and 1 mixed-use building with 6 apartment units above ground-floor retail. The mixed-use building has approximately 1,272 square feet of commercial space.

Each townhouse style unit averages 1,200 SF with 2-Bed/2-Baths and attached 2-car garage. The apartment units on average are all 1-bed 1-bath with an average size of 1,000 square feet.

This development is located on a Mixed-Use zoned area in the southern portion of the Manhattan Village Subarea Plan.

Capital and Transportation Improvement Projects

In support of the Normandy Park existing conditions analysis, ECONorthwest summarized relevant investments and capital and transportation improvement plans for the Manhattan Village Subarea and the Normandy Park Towne Center area. The following section briefly describes a few capital improvement projects associated with pavement and stormwater infrastructure, and transportation.

Key Capital Improvement Projects

Two City of Normandy Park capital improvement projects should be recognized for the Manhattan Village Subarea and the Normandy Park Towne Center area. They include the 2021 Pavement Preservation project and the 2021 Stormwater Drainage Improvement Projects. The City, in partnership with King County Road Services (KCRS), will overlay segments of nearby roadway with new asphalt. The Pavement Preservation project started recently during the summer of 2021 and is expected to be completed by around Spring 2022. This project was made possible due to funding from Transportation Improvement District (TBD) funding, Real Estate Excise Tax (REET) funding, and a Transportation Improvement Board (TIB) grant.⁴ Project locations in or around the study area are SW 183rd St (East of 4th Ave SW), SW 184th St and 2nd Ave SW (East of 4th Ave SW), SW 189th Pl (East of 4th Ave SW) and 4th Ave SW (South of SW 200th Street).

The 2021 Stormwater Drainage Improvement Projects started in early July 2021 and are expected to be completed within a few months. This project includes new catch basins, pipe, ditch regrading, an infiltration trench, retaining walls, and ADA compliant ramps. All work is being done in advance of the 2021 King County asphalt overlay (Pavement improvements listed above).⁵ Project locations in or around the study area are SW 189th Pl (East of 4th Ave SW), SW 184th St and 2nd Ave SW (East of 4th Ave SW) and SW 183rd St (East of 4th Ave SW).

⁴ Medrow, J. (2021). 2021 Pavement Preservation. City of Normandy Park Public Works Projects in the Park.

⁵ Medrow, J. (2021). 2021 Stormwater Drainage Improvement Projects. <u>City of Normandy Park Public Works Projects</u>.

Exhibit 37. Pavement Preservation Projects Source: City of Normandy Park Public Works

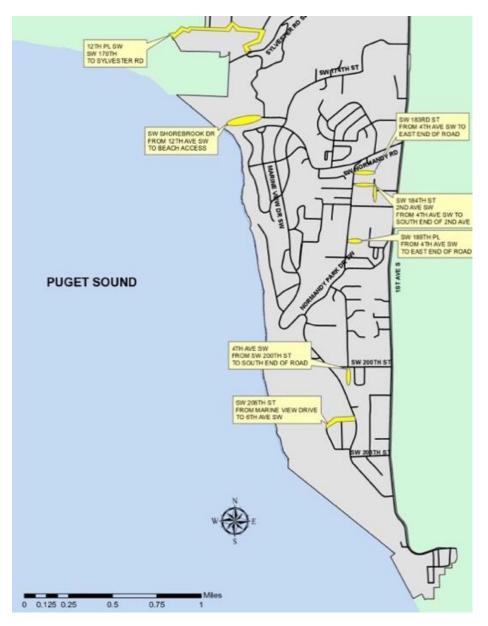
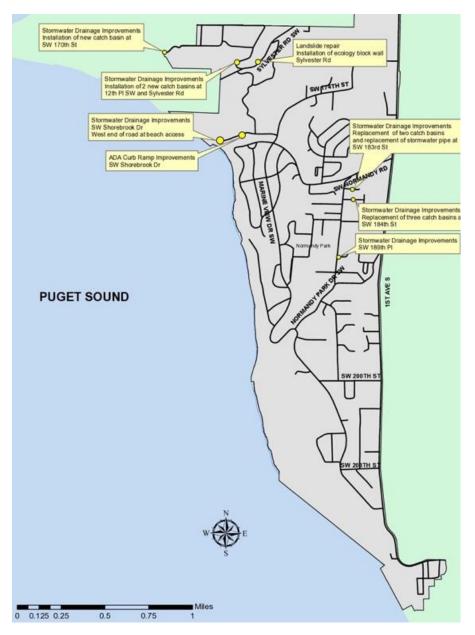


Exhibit 38. Public Works Projects Source: City of Normandy Park Public Works

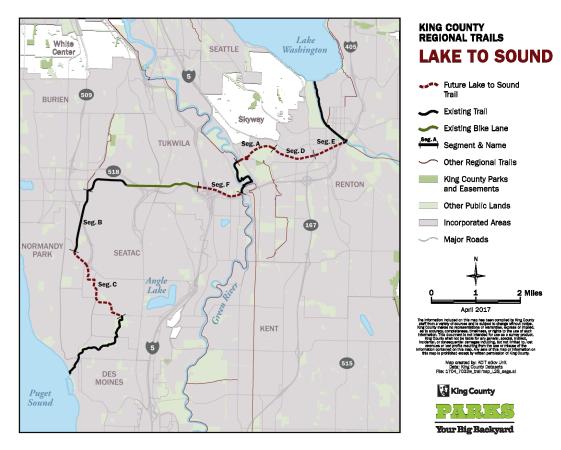


Key Transportation Improvement Projects

Several transportation infrastructure improvement projects are underway around the MVSA. A shared-use bike path extension aiming to improve bicycle and pedestrian mobility and transportation interconnectivity within the Normandy Park Towne Center is being designed for additional connectivity along Normandy Park Drive SW and 1st and 4th avenues. The 2018-2023 Six-Year Transportation Improvement Plan indicates that this extension could be built in the 2022-2023 period.⁶ Adjacent to the MVSA, the Lake to Sound trail Segments A and B have been completed and Segment C is soon to be constructed, intersecting with S Normandy Park Road. This portion of the trail will connect the Des Moines Creek Trail with the south end of Segment B of the Lake to Sound Trail. Completion is estimated for 2022.

Exhibit 39. Lake to Sound Regional Trail

Source: King County Parks, Your Big Backyard



⁶ City of Normandy Park. (2017). Resolution No. 918, <u>Revised and Extended Six- Year Transportation Improvement Program</u> 2018-2023.

11.2 Detailed Stakeholder Feedback

Strengths/Advantages for Conducting Business in Normandy Park/Manhattan Village

- Most interviewees see the residential intimacy and size of the community as a strength, and like that commercial development/retail hasn't dominated the area.
- A couple interviewees mentioned that walkability of the Manhattan Village area is a strength.
- One interviewee mentioned the lack of competition with other businesses.
- One interviewee mentioned the availability of parks and recreation in the area.
- A few businesses/developers expressed that Normandy Park being a smaller town has meant they faced fewer hurdles for development/starting a business.

"Commercially, I recognize that the city is a residential city primarily and I like it that way. We have a couple small commercial districts in the shopping center and then along first avenue, and I think that's sufficient for what we need."

Weaknesses/Challenges for Conducting Business in Normandy Park/Manhattan Village

- One interviewee said that the businesses don't benefit from the surrounding area because **the city is landlocked**, with the airport on the East side and Puget sound on the West (can only access from north and South along 1st Avenue South).
- Another interviewee believes **major retailers likely won't succeed** in Normandy, as it's more residential; neighborhood-oriented businesses and services are more likely to thrive.
- A couple interviewees said that **Parking availability is low**, which reduces business patronage and makes it difficult for business employees to park for work. The area is primarily residential, so there are still a lot of drivers rather than pedestrians.
- A few interviewees mentioned that **there is heavy traffic on 1st Avenue South** that backs up past the main entrance to the parking lot of businesses in the Manhattan Village area on 1st Avenue South.
- A few interviewees said that the amount of retail and commercial business in the area is just enough, and some interviewees are **worried about adding more retail for fear of losing the residential feel/orientation of the neighborhood**. The shopping center seems to be full, and there are still existing businesses that could use help.
- A few interviewees mentioned that businesses **have had a hard time getting a response from the City** on some issues they are facing (ex: updates on COVID guidelines, help with PPE).

- One interviewee heavily expressed that **the pandemic has worsened conditions for certain businesses**, particularly the restaurant industry. It's difficult to bring customers in due to the 25% occupancy rule, it's hard to hire employees, and the price of certain supplies to run business have increased. It's also difficult to afford utilities and PPE as a result of profits lost over the past year.
- A couple interviewees talked about how the cost of **renting as a business** in Normandy Park is too high.

Missing Economic Opportunities in Normandy Park/Manhattan Village Area

- A couple interviewees expressed interest in more density and walkability
- Some retail/services that interviewees are interested in are a grocery store, fitness center, boutique hotel/Airbnb, small hotel/motel, and more restaurants.
- A few interviewees expressed disinterest in adding more commercial services/retail to the area, for fear of losing the residential charm of the area.

"I guess the area South of Dunn Lumber, toward Starbucks. That area right there is an older area, looking pretty tired. I'm surprised it hasn't been brought up and redone. I look at Des Moines and how they struggle because a lot of their retail areas are old and some of them are closed and boarded up, you know? You don't want that to happen there. But that would be one area that I think is going to be a challenge if they don't."

Ideas/Aspirations for what the Manhattan Village area should look like

While a couple participants expressed that they did not want more development or redevelopment in the area, most participants provided suggestions such as...

- Speak to Doc Harris about his property (couple acres of undeveloped land undergoing cleanup) to see what can be done with it.
- Bring in a small boutique hotel to bring in travelers from the SeaTac airport.
- Make the Manhattan Village area store front and buildings more unified and matching.
- Add more parking to the area, especially if adding more retail/commercial.
- Add more pedestrian walkability/permeability to the Manhattan Village area for people walking in from the West of the development.
- Move the civic center to the Manhattan Village so that city employees can access the stores.
- Redevelop the area directly north of the Starbucks
- Get the right tenants/businesses in the area. More boutique-like shops that draw people in.
- Allow more flexibility in zoning.

"I don't think we want the big box stores to come in. QFC is not – I wouldn't consider them to be a behemoth. They're like the right fit, right? The only other alternative would be a Whole Foods that could fit in Normandy Park. So yeah, attract those types of businesses by putting them into an area where there is more foot traffic, there is more people driving around and seeing. I think it's the entertainment, the food and beverage business, the entertainment aspect and then niche shopping. I don't know exactly what they looks like [...]. Like arts and crafts or book stores. [...] Boutique shops. I think restaurants and boutique shops could be interesting."

"I just feel like what they could do right now is make the whole front and all of the buildings unified and matching and just the aesthetic overall on the outside of the buildings would be really cool. Maybe it's modern or French? We've got the French Normandy theme that some people really like. We've also got this mid-century looking neighborhood too where all of the houses were built in the mid-century style. So that's what I would love to see. Maybe more outdoor restaurants. If there was more patio space to be outside. I love that. I'm from Minnesota originally and everybody's got a patio in the summer with umbrellas. All the bars and restaurants have that."

How should the city support existing businesses?

- Five interviewees expressed that more outreach to and engagement with existing businesses is necessary.
- A few interviewees talked about having more community activities/events that could draw attention to the businesses.
- One interviewee said that they want less pedestrian development, as turning the town center storefronts out to the street has made it difficult for the primarily driving dependent, residential population to see into the businesses from the parking lot.
- One interviewee suggested changing the signage code to allow bigger signs.
- One interviewee suggested rent control, and another suggested reducing the cost of utilities and rent.

Current Assets/Programs

- A few interviewees want the city to continue the activities/events they do throughout the year, such as music in the park and the bird watching program, and to make use of the Seattle Chamber of Commerce. However, a couple have mentioned that some businesses do not like when the events take place directly on their property or in the parking lots where their customers/employees need to park.
- There are some undeveloped pieces of land that interviewees have suggested taking advantage of, mostly answered in previous questions.

• One interviewee stressed that the city should ensure that the current church and preschool can continue to thrive even if there is rezoning.

"I think that a lot of the initiatives that the arts commission takes like Music in the Park, the 4th of July parade are not intrusive to commercial properties. The Music in the Park is a wonderful event. I'd like to see it extended. We could start it earlier and end it longer into the season. The 4th of July parade is great. Any community events that use the public asset that is the right of way or the streets or the parks are really neat. There was a bird watching program that was begun before the pandemic anything like that that brings the identity to the city. I think that the City Scene magazine is a wonderful asset too."

Commercial services/businesses missing in Normandy Park/Manhattan Village

- **Food Service:** Ice cream shop, local brewery, high-end restaurants, fast casual restaurants, bakery, sushi place
- Food Shopping: Grocery store, farmers market
- **Other:** Family-owned pharmacy, nail/hair salon, Target or Pottery Barn, flower shop or cobbler, climbing gyms

"Our area needs more restaurants. Everyone who lives in Normandy Park would love to have more places to eat, right? Restaurants bring people in. You eat, then you go to the store, you do some shopping and stuff. QFC gets a lot of foot traffic, but that's the only pull. There's no other real pull if you think about it. Normandy Park's kind of this truly residential place. And then there's also not a lot of things to do in Normandy Park. If you're thinking about like economic development, if I'm a business, I don't want to go to Normandy Park because there's not a draw for anyone to come in. It's like this sleepy, residential town. As a city, how are we going to get more money? Well, you got to have those things that are draws like amazing food. People will drive anywhere for an amazing restaurant, right? I think Burien has done a great job with Old Town Burien where they have this street of buildings and shops where people can go and shop. I think things like the zombie fest were really good for Normandy Park. Activities to draw people in. Not just the community, but potentially draw people in from the outside as well. If you don't have that draw of people coming in, why as a business would I want to come in? Why would I want to gamble on that?"

Should Housing be a Part of the Commercial Areas?

- There seems to be an even split of opinions on this. Some think that housing would help by bringing more people to the area, while others believe that it wouldn't help much or don't want more density/pedestrian orientation to happen as a result of more multifamily type housing.
 - Answered "yes": 4
 - Answered "no": 3
 - Answered "yes, but", "not sure", or mixed opinion: 3

"If you are a retailer, why wouldn't you want to have that additional housing? And I do think that a different type of housing is needed. We need more diverse housing in Normandy Park. And I think that's what people are looking for. I think there's more a demand and need for housing than there is for commercial space."