

Existing Conditions: ECONOMICS & REAL ESTATE

NORTHGATE REGIONAL CENTER PLAN | APRIL 8, 2025

PREPARED FOR: CITY OF SEATTLE

PREPARED BY: BAE URBAN ECONOMICS

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SUMMARY OF FINDINGS AND POLICY IMPLICATIONS

The Northgate Regional Center is poised to undergo a significant transformation over the next decade as several planned redevelopment projects are completed delivering thousands of new housing units, along with hundreds of thousands of square feet of new medical, hotel, entertainment and commercial space. The success of these ambitious redevelopment efforts will depend in large part on carefully coordinated planning and strategic investments in the public realm and basic infrastructure, including investments in transit, bicycle, pedestrian and road infrastructure to leverage the existing light rail station and facilitate multi-modal options for residents, workers and visitors alike.

Population and Households Trends

- As of 2023, the Northgate Regional Center has a population of 8,486 according to estimates from the Washington Office of Financial Management.
- Northgate’s population grew by approximately 28 percent between 2010 and 2023, consistent with growth in Seattle as a whole but faster than the rate of population growth in the Puget Sound Region.
- Northgate has a comparatively small average household, a lower median household income and lower levels of educational attainment compared to Seattle and the Puget Sound region.
- According to the City’s Racial and Social Equity Index, Northgate is primarily made up “highest equity priority” census tracts, with one “middle equity priority” census tract that covers the southern portion of the neighborhood and extends into a higher-resourced area.

Economic Conditions

- Historically, employment in Northgate has been heavily concentrated in the services and retail industries. Store closures at the Northgate Mall have driven a decline in employment with the number of jobs in the Regional Center decreasing by six percent between 2010 and 2022 while during the same time frame jobs growth in Seattle overall was 35 percent.
- The area remains relatively job rich with over 11,000 jobs compared to 5,200 employed residents. Approximately 27 percent of Northgate residents both live and work in the area, while other employed residents tend to work Downtown or in other parts of Seattle.

- A slightly larger share of employed residents work in the accommodation and food services, educational services, and health care and social assistance industries compared to the city’s overall workforce.
- The average number of employees for private businesses located in Northgate is under 13 persons per business, indicating that many of the businesses in the area are small firms. Many of the area’s major industry sectors have notably smaller average firm sizes.

Real Estate Market Conditions

As a new hub for development activity, Northgate is becoming an important node for commercial real estate activity, as well as a growing market for residential development of all types. With the redevelopment of the 41-acre Northgate Mall site into the Northgate Station mixed-use town center, the neighborhood is slated to see extensive new commercial and residential development. Other planned and proposed real estate development in the Regional Center includes the expansion of the University of Washington Northwest Medical Center and the proposed 1,400-unit Northgate Commons development sponsored by the Seattle Housing Authority.

The neighborhood is poised to see significant commercial and other non-residential development, including the build out of the University of Washington Medical Center (UWMC) Northwest Master Plan. UWMC Northwest is currently undertaking a twenty-year master plan process to modernize the campus’ aging medical facilities into a state-of-the-art teaching hospital, growing from 738,000 square feet to 1.6 million square feet¹. The expansion will include over 200 new beds and potentially hundreds of additional employees. This master plan also creates a development opportunity for additional medical office space throughout the Regional Center as well as new jobs opportunities in the healthcare field.

Residential Market

- The average asking rent for multifamily rentals in Northgate is approximately \$150 below the average asking rent in the city as a whole, according to available CoStar data. Rents remained relatively stable between 2022 and 2023.
- Estimated home values in the Northgate neighborhood have generally followed city-wide trends but have lagged since 2018, according to Zillow home price data.
- While Northgate saw a modest amount of higher density multifamily residential development during the ten-year period between 2014 and 2023, with 844 units built, there has been increased development activity recently with 1,355 new multifamily rental units currently under construction as of the end of 2023,

¹ <https://facilities.uw.edu/planning/campus/northwest-mimp>

according to CoStar. The units under construction will increase Northgate’s total inventory of multifamily residential by 33 percent and represent approximately ten percent of the total multifamily rental units currently under construction in Seattle.

- Income-restricted and mixed-income developments represent a significant portion of planned units. However, the housing needs for lower-income residents remain high as reflected by levels of housing cost burden.

Retail Market

- The retail landscape in Northgate has changed dramatically over the past ten years with major changes at the former Northgate Mall. The mall’s closing reduced the Regional Center’s retail inventory by 700,000 square feet, which is also reflected in the Center’s commensurate negative net absorption between the first quarter of 2014 and the third quarter of 2023. This represents more than the total negative net absorption across Seattle as a whole during the same time frame.
- Despite an overall reduction in demand for “brick and mortar” retail uses, the retail and food services sector can still provide opportunities for small businesses and entrepreneurs. Even as the former regional mall is undergoing redevelopment into a mix of uses, the Northgate Regional Center continues to attract shoppers due to the presence of a large variety of retailers, including the remaining businesses in Northgate Station and in the surrounding neighborhood. In addition, the 170,000 square foot Kraken Community Iceplex and the expanding Northwest Medical Center also constitute potential significant sources of demand for food service and other small businesses. The Kraken Iceplex alone has hosted approximately one million visitors since its opening in 2021.

Office Market

- Between the first quarter of 2014 and the third quarter of 2023 there was 44,800 square feet of new office space built in Northgate, but as of the end of 2023 there is no new office space under construction.
- Although the market for new Class A office space is markedly weak in Northgate and the broader Seattle market as of the preparation of this report (September 2024), there will still likely be demand for modest increments of new medical office space and other types of smaller-scale professional and local-serving office space over the next 10 to 20 years.

Lodging Market

- Northgate’s existing lodging consists of 476 rooms. There are an additional 347 rooms currently in the development pipeline, representing a 73 percent increase in the total hotel room stock.
- According to stakeholder interviews with local developers, the existing hotels primarily serve visitors to the Kraken Community Iceplex, as well as other major employers like the UW Medical Center – Northwest, to a lesser degree.

Policy Implications

Housing and Displacement

- Northgate is an ethnically and economically diverse neighborhood with a larger number of lower-income residents living in housing that can be considered “naturally affordable.” Consistent with the Racial Equity Toolkit (RET) outcomes identified for Northgate, proactive efforts will be required to address economic displacement pressures on existing households, community institutions and small businesses.
- Consistent with the demographic information summarized in this report, Northgate has a relatively high need for City planning and investment resources to support the achievement of identified RET outcomes, including critically for affordable housing and anti-displacement efforts.

Education and Workforce Training

- Residents of the Northgate Regional Center have relatively low levels of educational attainment compared to Seattle as a whole. The nearby North Seattle College offers a variety of career training courses and AA degree programs, including in key growth sectors such as Health and Information Technology.² Still, the area overall would benefit from additional focused educational and workforce development programs for existing residents.
- Additional partnerships with the local school district, North Seattle College, the University of Washington NW Medical Center and other private and public agencies should be explored to enhance resident opportunities for accessing career pathways with stronger prospects for middle-wage jobs.

² <https://northseattle.edu/career-training>

Opportunities for Small Business

- The commercial real estate market in Northgate is undergoing fundamental changes in which smaller businesses can play a key role.
- Food service businesses in particular will likely be in growing demand as the area adds new jobs, households and expanded visitation to the Kraken Iceplex and Northwest Medical Center.
- Food service, fitness, recreation and other potential uses have the potential to benefit both new and existing residents.
- Assistance programs, grants, and loans for relocation within Northgate would help small businesses facing displacement pressure from new development.

Infrastructure Needs

- Key stakeholders interviewed for this report identified poor and deteriorating public infrastructure and crime and safety as key issues affecting neighborhood livability and economic vitality.
- There is currently no organizing entity that provides property and business owners with a vehicle for coordinating neighborhood improvement and related investment efforts.
- Along with transit, mobility and other capital infrastructure improvements to be identified through the Regional Center Plan, a Business Improvement Association (BIA) or comparable entity should be strongly considered ensure coordination of community development and investment efforts throughout Northgate.
- Beyond a BIA model, strategies to support the neighborhood economy and improve livability could include incorporating successful corridor revitalization models, main street models, and other grassroots-based efforts supported by a Community Development Corporation (CDC) or a Community Development Financial Institution (CDFI).

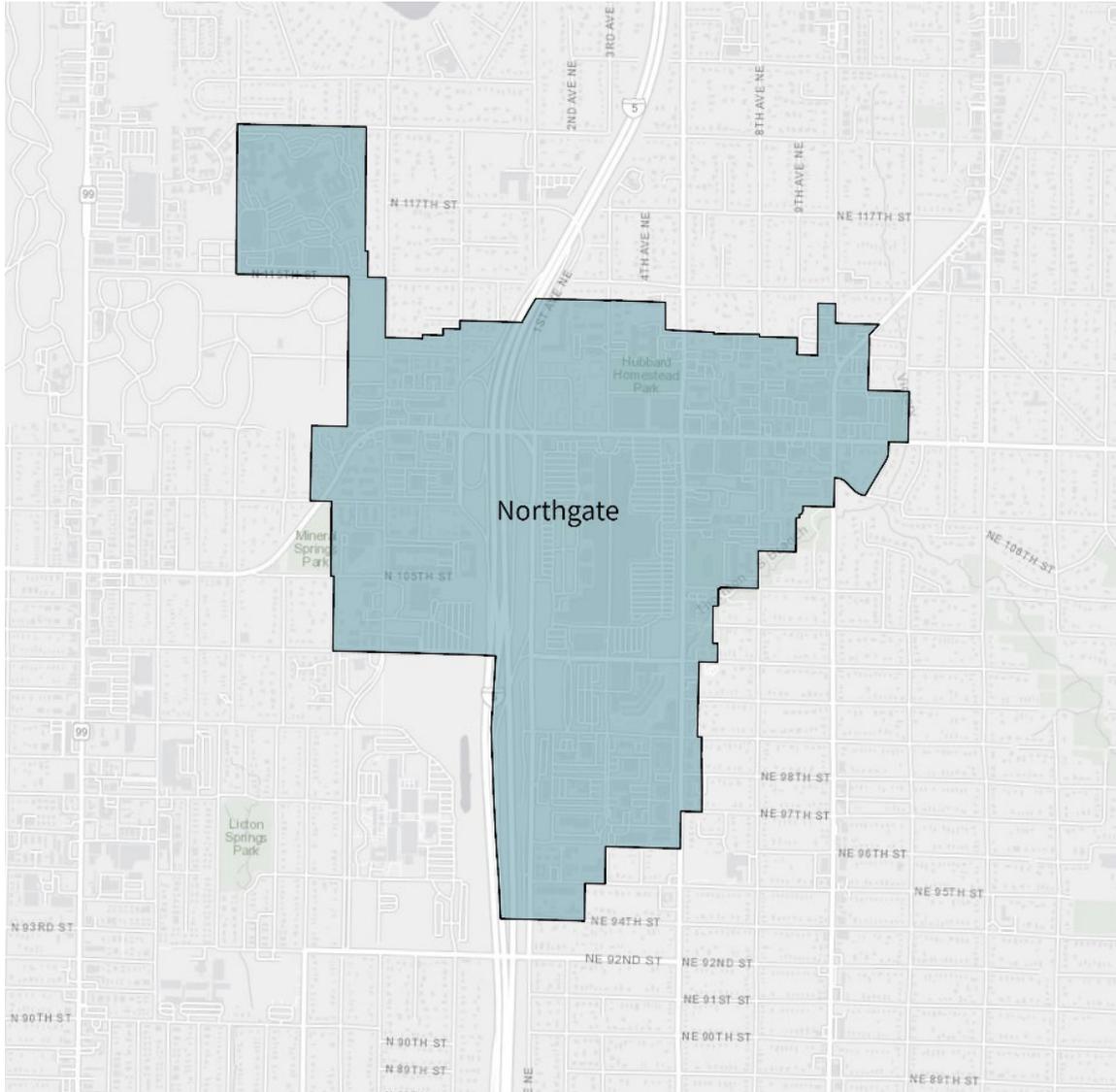
INTRODUCTION AND STUDY PURPOSE

The purpose of this study is to provide an in-depth analysis of economic and real estate conditions and trends in the Northgate Regional Center for the purposes of informing planning and policy development. Though smaller than the city's other Regional Centers in land area, Northgate is both demographically and economically diverse. It is poised to undergo significant transformation in the coming years as several major redevelopment and planning projects are completed adding thousands of new residential units and hundreds of thousands of square feet of new medical, lodging and other commercial development. Coordinating these major projects with infrastructure and public realm investments while balancing the need for an equitable and sustainable community is perhaps the most major challenge facing the City of Seattle as it develops the Northgate Regional Center Plan.

Area Overview

The Northgate Regional Center comprises 0.64 square miles in an area spanning both sides of 1-5. The Plan Area is centered around the under-development Northgate Mall site and includes the University of Washington Medical Center – Northwest campus as well as residential areas. The North Seattle neighborhood is connected to the rest of the city by Link light rail and was until recently (August 2024) the northernmost station on Line 1.

Exhibit 1: Northgate Regional Center Overview



Methodology and Data Sources

Economic and real estate market conditions in the Plan Area have been analyzed using the most current available secondary data from the City of Seattle, the State of Washington, the U.S. Census Bureau (Decennial Census and American Community Survey data), and private data vendors. In addition, the analysis relies on primary research conducted by BAE on local economic and real

estate market conditions through key stakeholder interviews³ with major local tenants, property owners, and organizations in Northgate.

The data presented in this report uses several geographies to define the Northgate Regional Center, based on the available level of granularity for each data source. For each exhibit, the geography used for the Regional Center is defined in the notes below the exhibit. For 2018-2022 American Community Survey data, the consultant team and City staff defined Northgate using seven 2020 Census Block Groups (FIPS: 530330006023, 530330012011, 530330012012, 530330012013, 530330012022, 530330012023, 530330019003). For American Community Survey data that is unavailable at the Block Group level, the consultant team and City staff defined Northgate using three 2020 Census Tracts (FIPS: 53033001201, 53033001202, 53033001900). For the comparison of American Community Survey Data over time, the consultant team and City staff defined Northgate using two 2010 Census Tracts (FIPS: 53033001200, 53033001900). For all other data sources, including the City of Seattle, King County Assessor, Esri Business Analyst, and CoStar, the data is summarized using the official Northgate Regional Center boundaries. Data presented for the Puget Sound Region summarizes data for King, Kitsap, Pierce, and Snohomish counties (the counties overseen by the Puget Sound Regional Council).

³ We would like to extend thanks to staff from the Kraken, Seattle Housing Authority, Simon Properties and the UW Northwest Medical Center for taking the time to speak with BAE for this report.

SUMMARY OF DEMOGRAPHICS

Population and Household Trends

As of 2023, the Northgate Regional Center has a population of 8,486 according to estimates from the Washington Office of Financial Management, as summarized in Exhibit 2. Northgate’s population grew by approximately 28 percent between 2010 and 2023, in line with the growth in the City of Seattle as a whole and faster than the growth in the Puget Sound Region (King, Kitsap, Pierce, and Snohomish counties). The Regional Center had an estimated household population of 8,282 residents and 4,612 households in 2023, for an average household size of 1.80 people. Northgate’s 2023 average household size was smaller than that of the City of Seattle and the Puget Sound Region, at 2.02 and 2.51 respectively. The very limited group quarters population in Northgate grew substantially between 2010 and 2023, but still only makes up only two percent of the total Northgate population. As shown in Exhibit 3, according the median age in Northgate is 35.7 years old, as of the American Community Survey 2018-2022 5-year estimates. This is close to the City of Seattle’s median age of 35.4 years old and slightly younger than the Puget Sound Region’s median age of 37.5 years old. The median ages for both Northgate and the City of Seattle decreased slightly between 2010 and 2022, while the median age in the Puget Sound region increased.

Exhibit 2: Population and Household Trends, 2010 – 2023

	Northgate Subarea			City of Seattle			Puget Sound Region		
	2010	2023	Change	2010	2023	Change	2010	2023	Change
Total Population	6,617	8,486	28.2%	608,174	779,200	28.1%	3,690,942	4,437,100	20.2%
Household Population	6,587	8,282	25.7%	583,631	750,201	28.5%	3,616,747	4,356,039	20.4%
Households (a)	3,777	4,612	22.1%	283,486	371,325	31.0%	1,455,406	1,736,122	19.3%
Avg. Household Size (b)	1.74	1.80	3.0%	2.06	2.02	-1.9%	2.49	2.51	1.0%
Group Quarters Pop.	29	203	592.8%	24,699	28,999	17.4%	74,195	81,061	9.3%

Notes:

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

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

Sources: City of Seattle, Washington Office of Financial Management, SEVA; BAE, 2024.

Subarea Geography: Regional Center Boundary.

Exhibit 3: Median Age, 2010-2022

	Northgate Subarea			City of Seattle			Puget Sound Region		
	2010	2022	Change	2010	2022	Change	2010	2022	Change
Median Age	36.9	35.7	-3.2%	36.4	35.4	-2.8%	36.7	37.5	2.1%

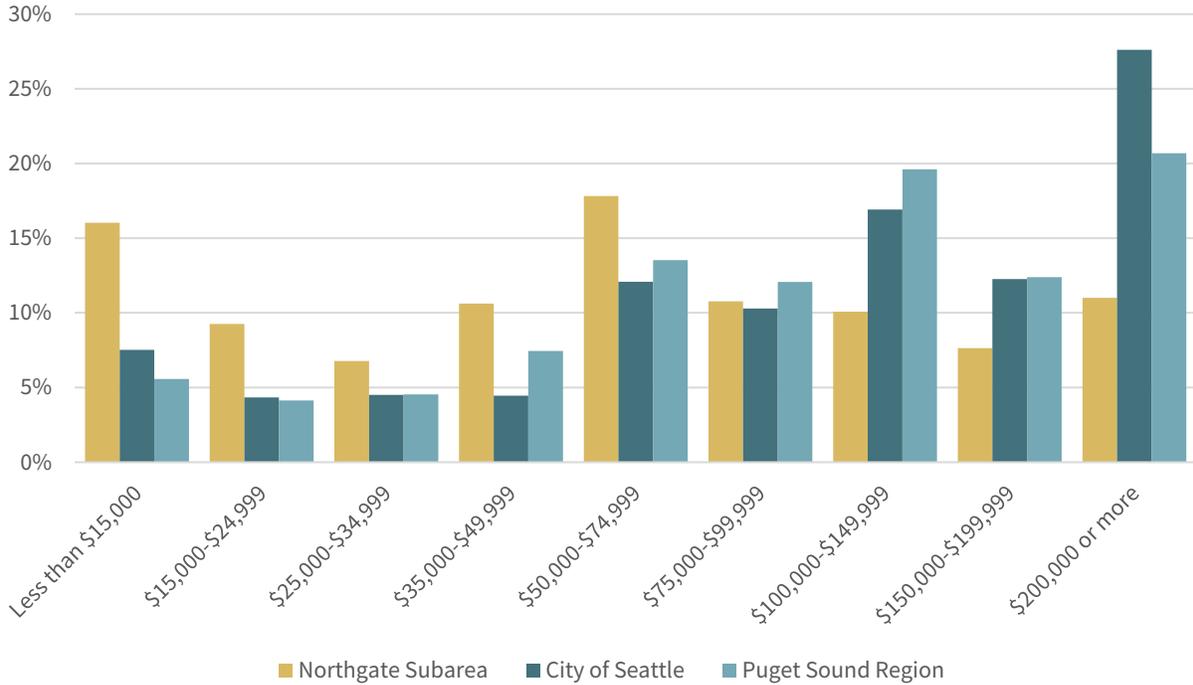
Sources: American Community Survey 5-Year Estimates, 2018-2022, SEVA; BAE, 2024.
 Subarea Geography: 2020 Census Block Groups.

Income

Both the median household income and per capita income in Northgate are significantly below those of the Seattle and the Puget Sound Region. According to the American Community Survey 2018-2022 Five-Year Estimates, Northgate’s median household income is \$60,222, representing just over 50 percent of the \$116,068 median household income in the City of Seattle. As shown in Exhibit 4, the largest share of Northgate households have incomes between \$50,00-\$74,999, while households with incomes above \$200,000 per year accounted for the largest share of households in both the City of Seattle and Puget Sound Region. The second most common income category for Northgate households is less than \$15,000 per year, with an estimated 16 percent of households. While many of these lower-earning households could be students at North Seattle College or seniors living in one of the neighborhoods care facilities, overall Northgate households have lower incomes than the city or region.

Exhibit 4: Household and Per Capita Income, 2018-2022 Five-Year Estimates

	Northgate Subarea	City of Seattle	Puget Sound Region
Median Household Income (a)	\$60,222	\$116,068	\$106,174
Per Capita Income	\$46,780	\$77,616	\$57,332



Notes:

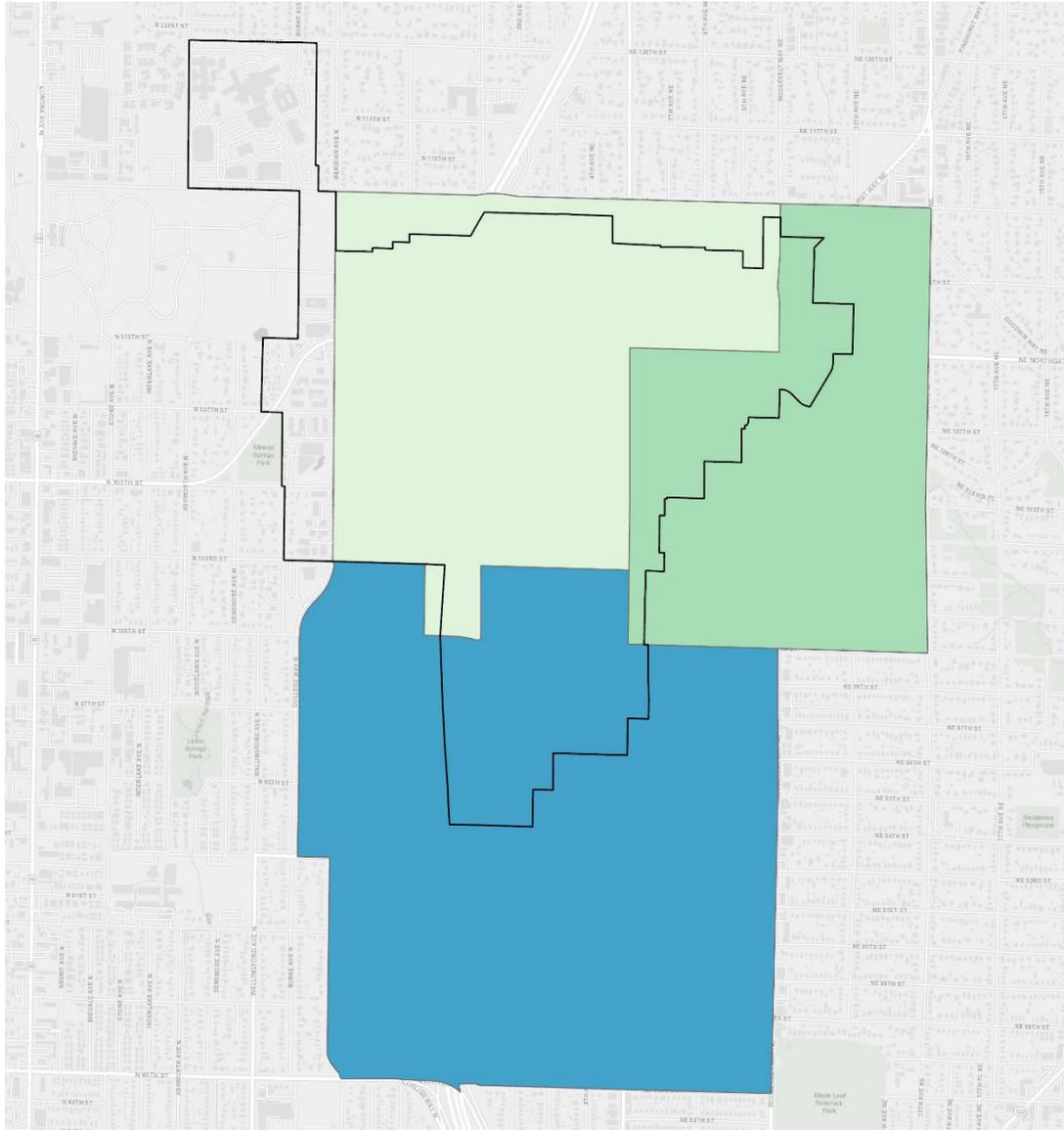
(a) Median HH Income for Subareas calculated using a median income calculator.

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

Northgate Subarea Geography: 2020 Census Block Groups.

The median household income in Northgate varies greatly by geography, as shown in Exhibit 5. The median household income for the Census tract (12.01) that makes up the core of the Regional Center was \$44,215, while the Census tract (12.02) to the east had a median household income of \$76,566 and the census tract to the south (19) had a median household income of \$134,602.

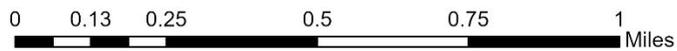
Exhibit 5: Median Household Income in Northgate, 2018-2022 Five-Year Estimates



Median Household Income

- \$44,215
- \$76,556
- \$134,602

Northgate Boundary

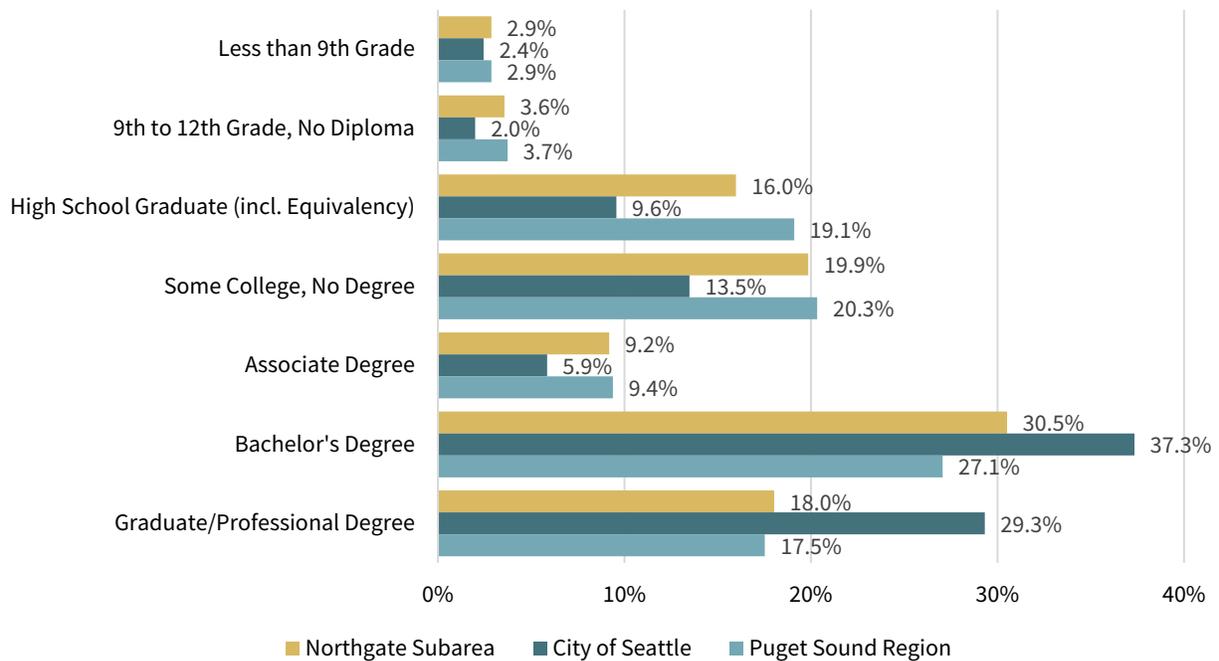


Sources: U.S. Census Bureau, 2018-2022 American Community Survey Table S1903; BAE, 2024.
 Northgate Subarea Geography: 2020 Census Tracts.

Education

Northgate has lower levels of educational attainment than the City of Seattle but is on par with the Puget Sound Region as a whole. According to American Community Survey 2018-2022 five-year estimates, 94 percent of the population over age 25 in Northgate were high school graduates (including equivalency), while 49 percent had a bachelor’s degree or higher. For the city and region, the percent of the population over age 25 who were high school graduates is 96 percent and 93 percent, respectively, and the those with bachelor’s degrees or higher made up 67 percent and 45 percent, respectively.

Exhibit 6: Educational Attainment, Population Age 25+, 2018-2022 Five-Year Estimates



	Northgate Subarea	City of Seattle	Puget Sound Region
Population 25+ with Bachelor's Degree or Higher (%)	48.5%	66.7%	44.6%
Population 25+ High School Graduate (incl. Equivalency) or Higher (%)	93.6%	95.6%	93.4%

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

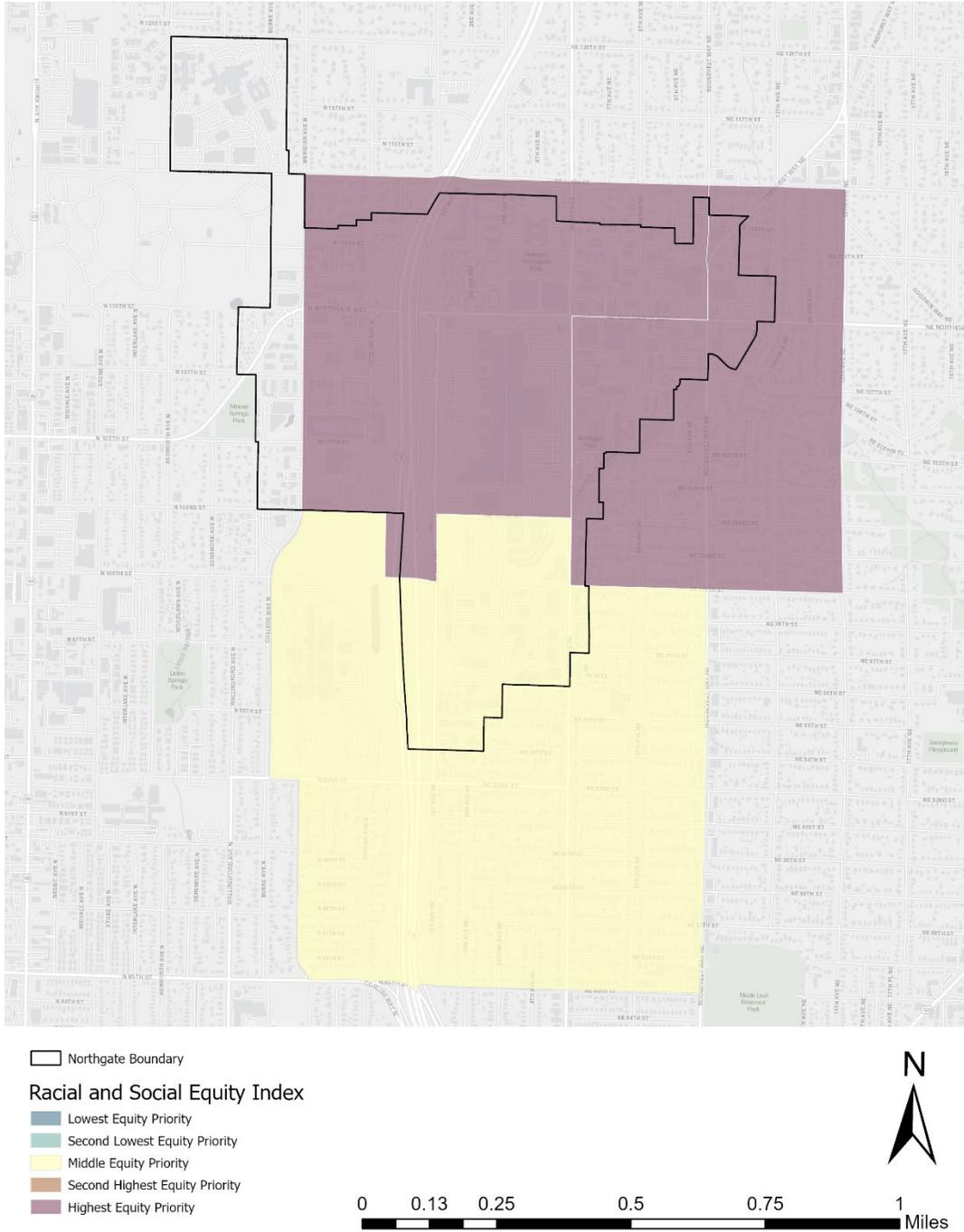
Subarea Geography: 2020 Census Block Groups.

Racial and Social Equity

The City of Seattle has developed a Racial and Social Equity Index to aid in the identification of equity priority areas throughout the city to assist planning, program, and investment priorities. This census tract-level tool, last updated in 2023, is based on a variety of indicators, including metrics related to poverty, race and ethnicity, public health, disability status and other factors related to racial and socioeconomic equity as identified by the City. Sources for the index include the U.S. Census Bureau American Community Survey, CDC’s PLACES Project, Washington Department of Health, and Seattle-King County Public Health.

As shown in Exhibit 7 below, the Northgate Regional Center Area is primarily made up “highest equity priority” census tracts, with one “middle equity priority” census tract that covers the southern portion of the neighborhood and extends into a higher-resourced area. As expected from the demographic information summarized in this report, Northgate has a relatively high need for City planning and investment resources, and this has implications for the economic and real estate conditions and trends as described in the following sections.

Exhibit 7: Racial and Social Equity Index: Equity Priority Ranking, 2023



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

ECONOMIC CONDITIONS

Historically, Northgate has been a residential community centered around the Northgate Mall, known as America's first mall. The Regional Center is poised to see extensive development activity over the next ten to twenty years that will significantly change the physical and economic landscape of the neighborhood. The following section of the report profiles the Northgate economy with a focus on key sectors as identified by the City's Office of Economic Development (OED) and the City's Draft One Seattle Comprehensive Plan.

Jobs by Industry

Overall, Northgate saw a decline in employment between 2010 and 2020 while employment in the City of Seattle grew rapidly. The number of jobs in the Regional Center declined by 6 percent, while the number of jobs in Seattle grew by 35 percent.

Historically, employment in Northgate has been heavily concentrated in the Services and Retail industries. According to City of Seattle employment data summarized in Exhibit 8, these two industries made up 87 percent of the 11,821 total jobs in 2010, and 90 percent of the 12,943 total jobs in 2015. By comparison, these two industries made up 60 percent of the total jobs in Seattle in 2010, and 64 percent of total jobs in 2015. The large share of retail employment in the Regional Center was likely driven by the Northgate Mall, while the services employment was driven by Northwest Hospital and other sub-industries. Between 2015 and 2020, the Northgate area experienced two major economic changes impacting the total employment and distribution of jobs by industry in Northgate: the majority of Northgate Mall closed, spurring job loss in the Retail industry; and Northwest Hospital joined the University of Washington Medical Center, shifting approximately 2,000 jobs from the private (Services) sector to the public (Government) sector. In 2023, the combined retail, services, and government sectors accounted for 88 percent of jobs in the Northgate subarea.

Exhibit 8: Jobs by Industry, 2010-2020

Northgate

Industry	2010	2015	2020	Percent Change 2010-2015	Percent Change 2015-2020
Construction/Resources and Manufacturing	323	164	284	-49.2%	73.2%
Finance, Insurance, Real Estate (FIRE)	932	710	832	-23.8%	17.2%
Retail	2,251	2,266	1,223	0.7%	-46.0%
Services	8,016	9,438	6,437	17.7%	-31.8%
Wholesale Trade, Transportation, Utilities (WTU)	161	181	143	12.4%	-21.0%
Government	109	153	2,171	40.4%	1319.0%
Education	29	30	25	3.4%	-16.7%
Total	11,821	12,943	11,115	9.5%	-14.1%

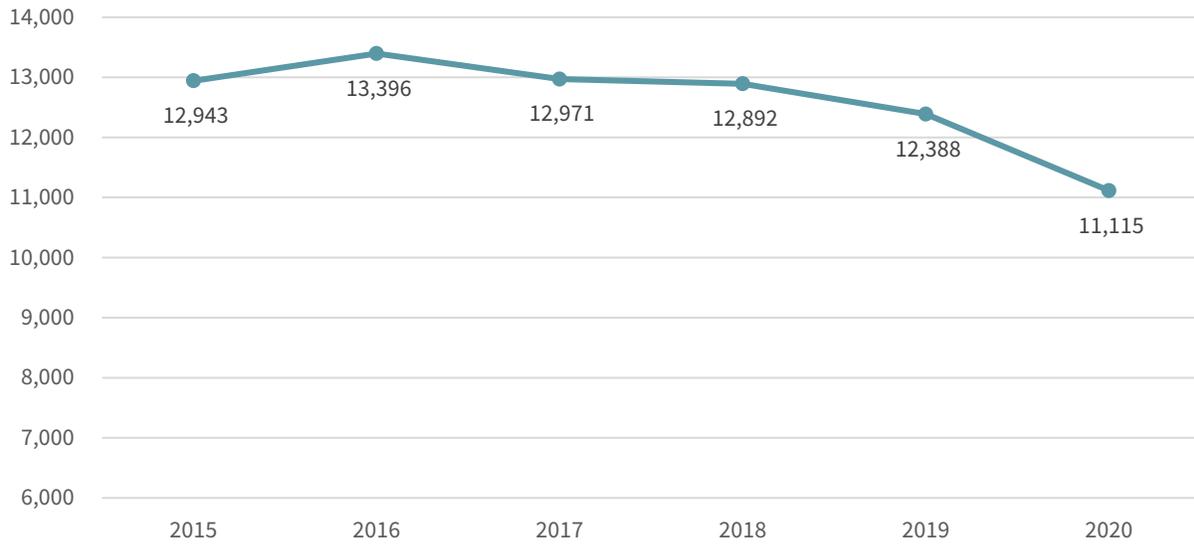
Seattle

Industry	2010	2015	2020	Percent Change 2010-2015	Percent Change 2015-2020
Construction/Resources and Manufacturing	47,635	51,905	58,398	9.0%	12.5%
Finance, Insurance, Real Estate (FIRE)	35,425	35,500	38,427	0.2%	8.2%
Retail	39,095	58,907	92,039	50.7%	56.2%
Services	267,479	316,849	372,713	18.5%	17.6%
Wholesale Trade, Transportation, Utilities (WTU)	30,934	32,430	36,285	4.8%	11.9%
Government	48,713	46,615	50,694	-4.3%	8.8%
Education	44,511	49,138	37,581	10.4%	-23.5%
Total	513,792	591,344	691,359	15.1%	16.9%

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

Subarea Geography: Regional Center Boundaries.

Exhibit 9: Northgate Total Employment, 2015-2020

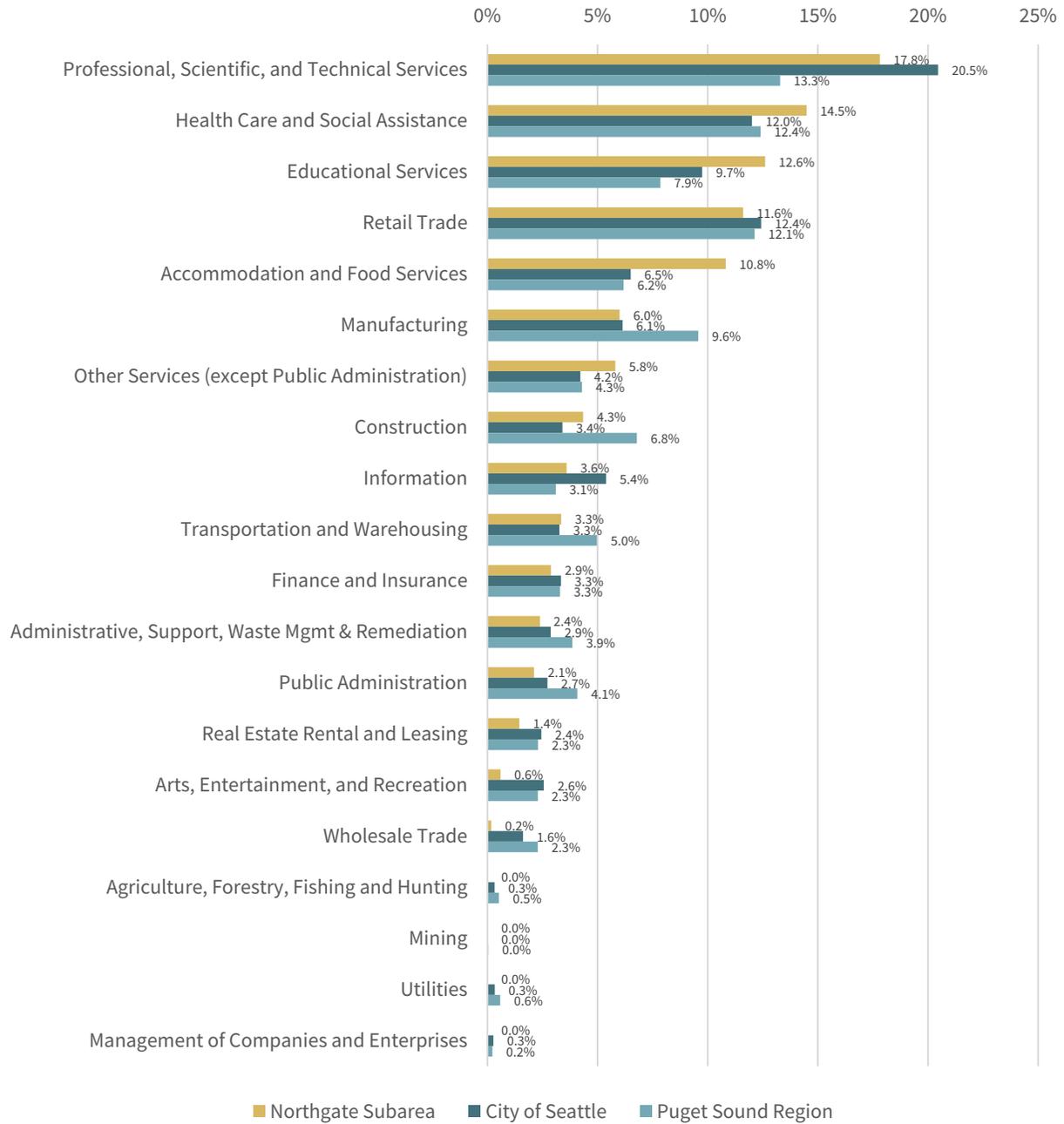


Sources: City of Seattle, 2020; BAE, 2024.
 Subarea Geography: Regional Center Boundaries.

Resident Employment by Industry and Occupation

According to the American Community Survey 2018-2022 five-year estimates, the top three industries for employed residents in Northgate between are: Professional, Scientific, and Technical Services at 18 percent of employed residents; Health Care and Social Assistance at 14 percent of employed residents; and Educational Services at 13 percent of employed residents. As shown in Exhibit 10, the distribution of employed residents by industry in Northgate generally aligns with the distribution in Seattle, with a slightly larger share of employed residents working in the Accommodation and Food Services, Educational Services, and Health Care and Social Assistance industries. The unemployment rate in Northgate is estimated at 5.3 percent, compared to 4.2 percent and 4.6 percent in the city and region, respectively.

Exhibit 10: Employed Residents by Industry, 2018-2022 Five-Year Estimates



	Northgate Subarea	City of Seattle	Puget Sound Region
Unemployment Rate (a)	5.3%	4.2%	4.6%

Notes:

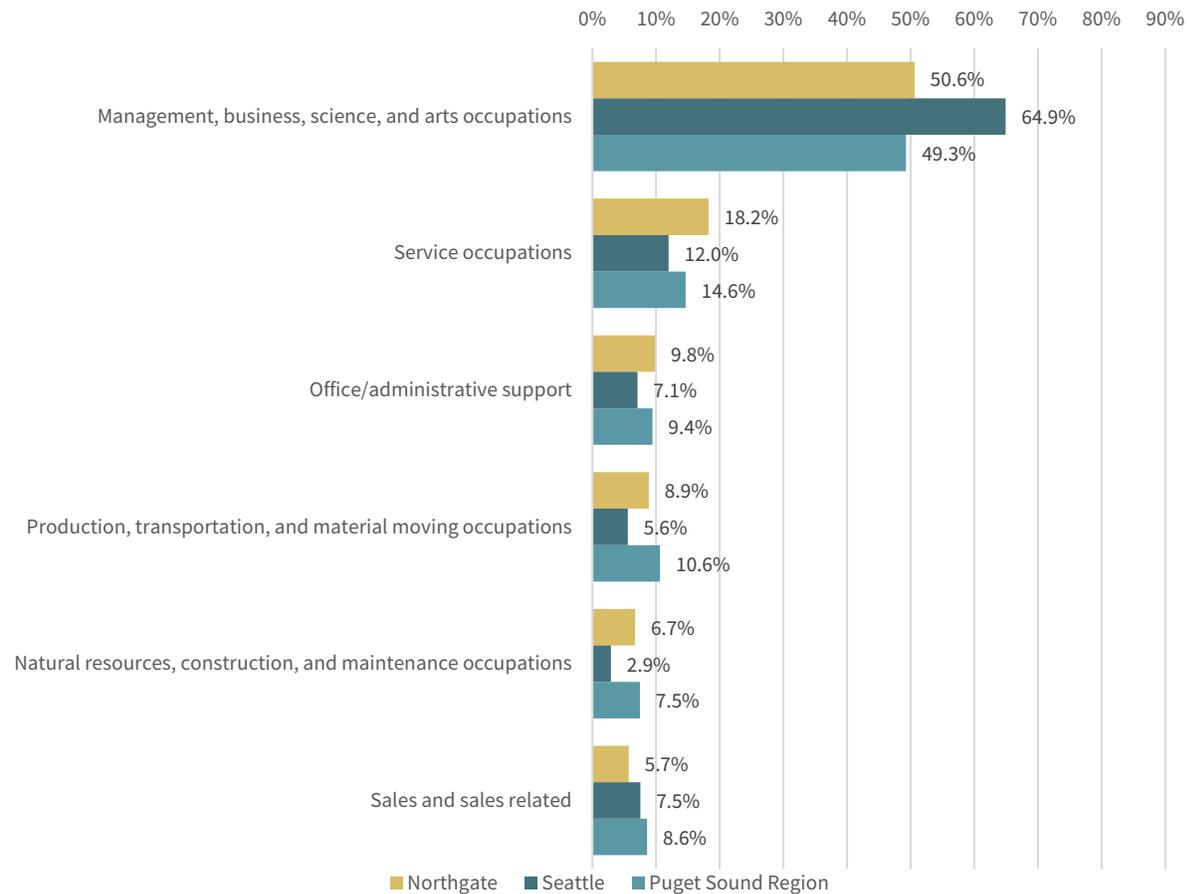
(a) Resident employment and unemployment rate for the population aged 16 years and over.

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

Subarea Geography: 2020 Census Block Groups.

Approximately half of the workers living in the Northgate Regional Center are in Management, Business, Science, and Arts occupations; this is less than the 65 percent rate in Seattle but about the same as for the Puget Sound Region. Jobs in Service occupations are held by 18.2 percent of Northgate’s workers, a higher share than for the city or the region. None of the remaining major occupational clusters make up ten percent or more of total workers. These include Office/administrative support occupations (9.8 percent); Production, transportation, and material moving occupations (8.9 percent); Natural resources, construction, and maintenance occupations (6.7 percent); and Sales and sales related (5.7 percent).

Exhibit 11: Employed Residents by Occupation, 2018-2022 Five-Year Estimates



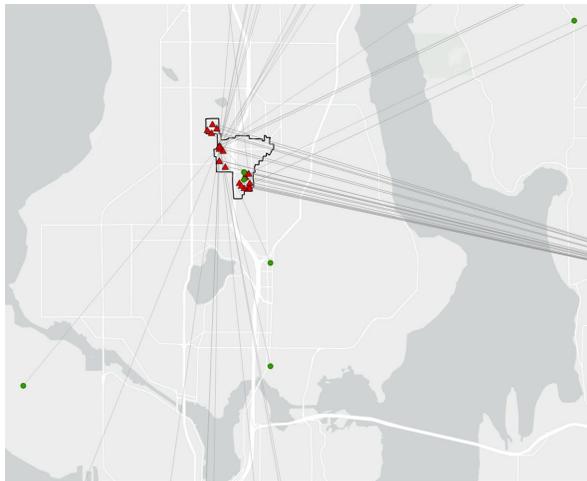
Sources: U.S. Census Bureau, 2018-2022 American Community Survey Table C24010; BAE, 2024.
 Subarea Geography: 2020 Census Block Groups.

Jobs/Employed Residents Balance and Commute Flows

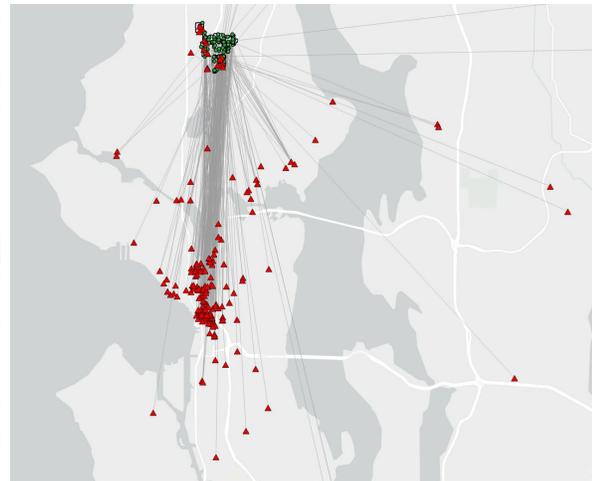
The number of jobs in the Northgate Regional Center is nearly double the number of employed residents in the Regional Center; there are approximately 11,100 jobs in Northgate as shown in Exhibit 9, and the employment data shown in Exhibit 10 indicates that Northgate has approximately 5,200 employed residents. As illustrated by the University of Washington (UW) commute survey data shown in Exhibit 12, Northgate residents tend to work Downtown or in other parts of Seattle. Surveyed workers in-commute to Northgate primarily from the east side, though there are some workers that live and work within Northgate. It is worth noting that due to the limited survey sample size for Northgate respondents and the nature of the CTR-survey distribution and target groups, the results may not be representative of the Regional Center as a whole. Additional data on home and work location for Northgate residents and workers was unavailable.

Exhibit 12: Inbound and Outbound Commute Trips, Northgate, 2022

Inbound Trips



Outbound Trips



Notes: The map on the left shows the inbound commute trips for worksites in Northgate (N=138). The map on the right shows the outbound commute trips for Northgate residents (N=301). On both maps, the green dots represent the commuters home locations, the red triangle representing worksites and the grey lines represent the commute trip (connection) to show the volume of the trips and direction.

Sources: University of Washington, Seattle Commute Survey, 2022.

Northgate residents primarily drive to work or work from home, according to American Community Survey data as shown in Exhibit 13. In 2022, approximately 50 percent of employed residents in Northgate drove to work, compared to 44 percent in the city and 69 percent in the region. Approximately 27 percent of employed residents in both Northgate and the city worked from home, compared to 18 percent in the region. A larger share of employed Northgate residents used public transportation than in the city or region, at 18 percent compared to 16 percent and 7 percent, respectively. The 2022 UW commute survey data shows a slightly different mode share

for Northgate residents depending on the day of the week: just 19 to 21 percent of respondents reported driving to work alone, with 32 to 37 percent reporting taking public transit, and 34 to 40 percent reporting working from home.

However, commute trips for work account for only a portion of all trips made in and out of Northgate. According to the Seattle Department of Transportation (SDOT), just 20 percent of all trips made in Seattle are for commuting purposes. SDOT’s Replica analysis shows that for all trips ending in the Northgate Regional Center, 80 percent were made by car (either driving alone, as a passenger, or in an on-demand auto). The car-dependent mode share indicates an opportunity for additional investment in the transit, pedestrian, and bike infrastructure in the Regional Center.

As of the 2021 opening of the Northgate Light Rail station, the neighborhood is relatively well-connected to the rest of the city by public transportation and may lead to an increase in reported transit use. The 2018-2022 American Community Survey 5-Year Estimates include the peak of the COVID-19 pandemic, which drastically impacted transit use for commuting and the number of people working remotely. Over time, the commute mode split may shift as fewer people work from home.

Exhibit 13: Means of Transportation to Work, 2018-2022 Five-Year Estimates

Means of Transportation	Northgate Subarea		City of Seattle		Puget Sound Region	
	Number	Percent	Number	Percent	Number	Percent
Car, Truck, or Van	3,573	49.8%	194,885	43.9%	1,528,875	69.2%
Drove alone	3,060	42.7%	171,426	38.6%	1,340,026	60.7%
Carpooled	513	7.2%	23,459	5.3%	188,849	8.5%
Public Transportation (a)	1,259	17.6%	69,441	15.6%	150,011	6.8%
Walked	215	3.0%	41,016	9.2%	80,193	3.6%
Other (b)	220	3.1%	18,798	4.2%	45,840	2.1%
Worked from home	1,905	26.6%	120,179	27.0%	404,483	18.3%
Total (c)	7,172	100.0%	444,319	100.0%	2,209,402	100.0%

Notes:

(a) Excludes taxicabs. Includes subways and elevated light railways.

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

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

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

Subarea Geography: 2020 Census Tracts.

Small Business Conditions

Small businesses in a community allow entrepreneurs from diverse backgrounds with ownership and wealth-building opportunities, and thriving small businesses provide jobs for local residents and improve the quality of life for urban neighborhoods.

As shown in Exhibit 14, the average number of employees for private businesses located in the Northgate Regional Center is under 13 persons per business, indicating that many of the businesses in the area are small firms. Many of the major industry sectors have notably smaller average firm sizes, including but not limited to Wholesale Trade, Other Services (except Public Administration), Administrative, Support & Waste Management Services, and Professional, Scientific & Technical Services, and Manufacturing. Major industry sectors with more employees on average than the overall average include Retail Trade, Accommodation & Food Services, Health Care & Social Assistance, Arts, Entertainment & Recreation, Real Estate, Rental & Leasing, Educational Services, and Public Administration.

Exhibit 14: Business Types Summary, Northgate Subarea, 2023

Business Type	NAICS Code	Businesses		Employees		Average Employees/ Business
		Number	Percent	Number	Percent	
Health Care & Social Assistance	62	216	29.8%	3,524	38.4%	16.3
Professional, Scientific & Tech Services	54	80	11.0%	675	7.4%	8.4
Other Services (except Public Administration)	81	61	8.4%	482	5.3%	7.9
Retail Trade	44-45	57	7.9%	826	9.0%	14.5
Finance & Insurance	52	55	7.6%	488	5.3%	8.9
Real Estate, Rental & Leasing	53	53	7.3%	1,092	11.9%	20.6
Accommodation & Food Services	72	47	6.5%	737	8.0%	15.7
Construction	23	19	2.6%	179	2.0%	9.4
Administrative, Support & Waste Management Services	56	16	2.2%	127	1.4%	7.9
Wholesale Trade	42	12	1.7%	56	0.6%	4.7
Information	51	10	1.4%	115	1.3%	11.5
Educational Services	61	10	1.4%	263	2.9%	26.3
Manufacturing	33	9	1.2%	78	0.9%	8.7
Transportation & Warehousing	48-49	9	1.2%	85	0.9%	9.4
Arts, Entertainment & Recreation	71	9	1.2%	151	1.6%	16.8
Public Administration	92	7	1.0%	236	2.6%	33.7
Mining	21	1	0.1%	3	0.0%	3.0
Agriculture, Forestry, Fishing & Hunting	11	0	0.0%	0	0.0%	na
Utilities	22	0	0.0%	0	0.0%	na
Management of Companies & Enterprises	55	0	0.0%	0	0.0%	na
Unclassified Establishments	99	54	7.4%	53	0.6%	1.0
Total		725	100.0%	9,170	100.0%	12.6

Notes: The table summarizes Esri Business Analyst's Business Summary, which utilizes 2023 Data Axle business information and 2020 Census block groups to allocate businesses to custom geographies. Learn more:

<https://storymaps.arcgis.com/stories/0bcc5657bba04d8db928eab87232e124>

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

Subarea Geography: Regional Center Boundary.

The retail and food services sectors can provide opportunities for the development of small businesses. Even as the former regional mall is undergoing redevelopment into a mix of uses, the Northgate Regional Center still attracts shoppers due to the presence of a large variety of retailers, including the remaining businesses in Northgate Station and in the surrounding neighborhood. The area contains numerous chain retailers such as Target, Barns & Noble, and Best Buy, but also has a variety of smaller independent businesses. As shown in Exhibit 15, the overall estimated average number of employees per of retail/food service business is 14.5, indicating the presence of some smaller establishments. Several store types average less than ten employees per business, including Health & Personal Care Stores, Building Material & Garden Equipment & Supplies Dealers, Motor Vehicle & Parts Dealers, and Furniture & Home Furnishings Stores. It

should be noted that many of these businesses may be single sites of larger chains rather than stand-alone independent businesses.

Exhibit 15: Retail Trade and Food Services Summary, Northgate, 2023

Business Type	NAICS Code	Businesses		Employees		Average Employees/ Business
		Number	Percent	Number	Percent	
Food Services & Drinking Places	722	44	44.0%	623	43.0%	14.2
Health & Personal Care Stores	446	15	15.0%	122	8.4%	8.1
Sporting Goods, Hobby, Book, & Music Stores	451	9	9.0%	150	10.4%	16.7
Clothing, Clothing Accessories, Shoe and Jewelry Stores	448	7	7.0%	85	5.9%	12.1
Electronics & Appliance Stores	443	5	5.0%	128	8.8%	25.6
Building Material & Garden Equipment & Supplies Dealers	444	4	4.0%	20	1.4%	5.0
General Merchandise Stores	452	4	4.0%	115	7.9%	28.8
Motor Vehicle & Parts Dealers	441	3	3.0%	27	1.9%	9.0
Furniture & Home Furnishings Stores	442	3	3.0%	29	2.0%	9.7
Food & Beverage Stores	445	3	3.0%	134	9.2%	44.7
Gasoline Stations & Fuel Dealers	447	3	3.0%	16	1.1%	5.3
Total		100	100.0%	1,449	100.0%	14.5

Notes: The table summarizes Esri Business Analyst's Business Summary, which utilizes 2023 Data Axle business information and 2020 Census block groups to allocate businesses to custom geographies. Learn more:

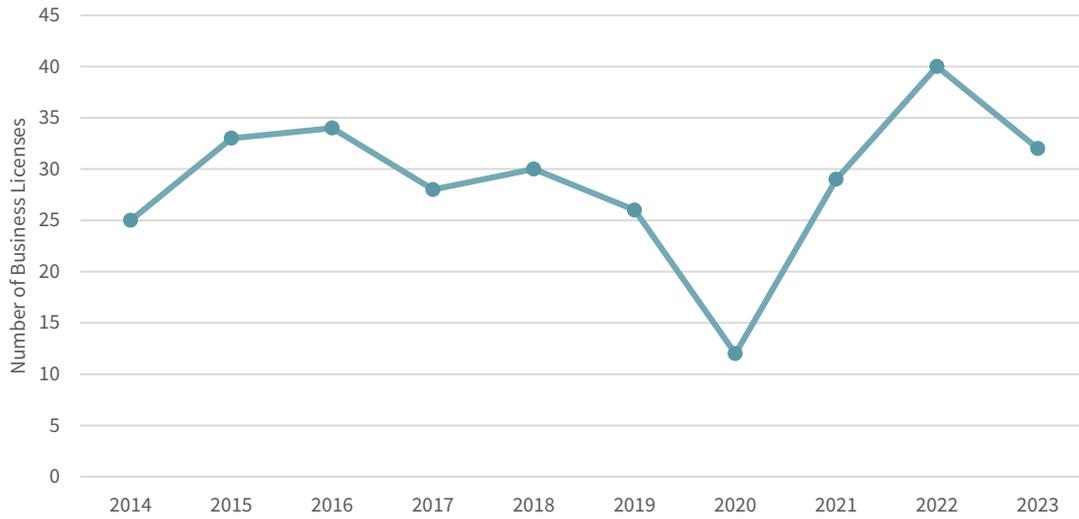
<https://storymaps.arcgis.com/stories/0bcc5657bba04d8db928eab87232e124>

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

Subarea Geography: Regional Center Boundary.

In order to operate a business legally in Seattle, a city business license is required, Exhibit 16 shows trends in the number of Seattle business licenses issued in the Northgate Regional Center in recent years; the chart is limited to currently active businesses, with many of these businesses likely to be small startup businesses; per the business license database, only 11 percent of the businesses that were first licensed from 2014 to date are classified as branch locations of a larger business. As shown, with the exception of the pandemic year of 2020, the number of new licenses issued annually (for businesses still operating today) is 25 or greater in every full year shown. This indicates that small businesses continue to seek locations in the Northgate Regional Center. Business stability is an important component of neighborhood character, and Exhibit 17 shows the Regional Center’s active businesses by years of operation. Over one-third of the 630 active businesses have been in operation for ten to 24 years, with an additional 17 percent in operation for at least 25 years. This indicates that Northgate businesses can achieve stability and longer-term success, but does not measure the businesses that have opened and closed over time.

Exhibit 16: Business License Applications, 2014-2023, Northgate Regional Center

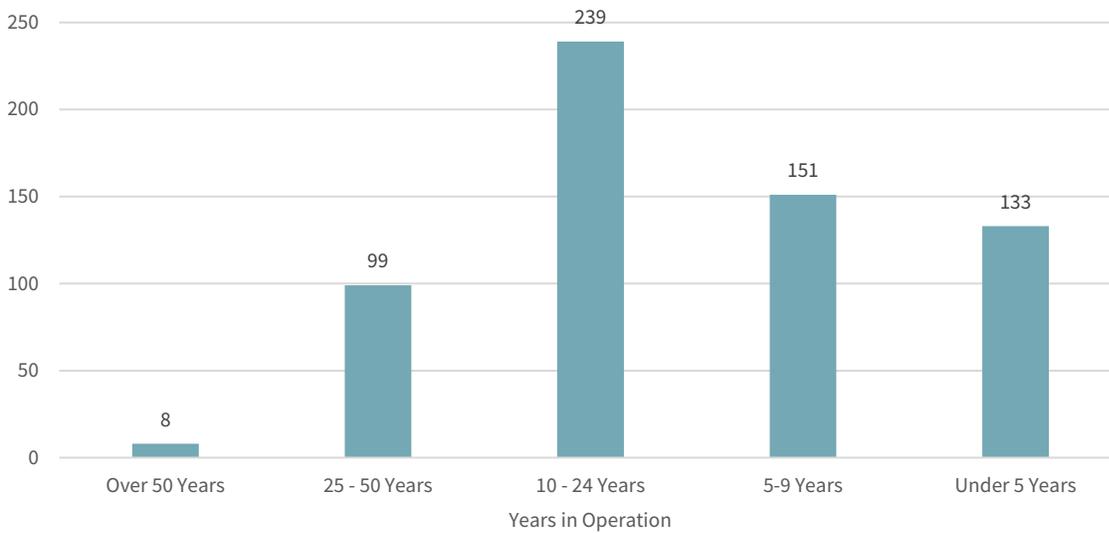


Note: Only includes currently active business; for instance, applications for businesses that were made in 2014 where the business has since closed are not shown here.

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

Subarea Geography: Regional Center Boundaries.

Exhibit 17: Active Businesses by Years in Operation, Northgate Regional Center, June 2024



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

Subarea Geography: Regional Center Boundaries.

REAL ESTATE MARKET CONDITIONS

As a new hub for development activity, Northgate is becoming an important node for commercial real estate activity, as well as a growing area for residential development of all types. Beginning with an analysis of Northgate’s housing market, the following section of the report profiles real estate market conditions and trends in Northgate compared to the City of Seattle and Puget Sound Region.

Housing Market and Needs Assessment

Existing Housing Unit Characteristics

The Northgate Regional Center’s housing supply is overwhelmingly made up of multifamily housing units, at 97 percent of all units according to April 2024 data from the King County Assessor. By comparison, as shown in Exhibit 18, multifamily units in the City of Seattle make up 62 percent of all housing units. The multifamily units in Northgate are primarily apartments and condos/condos in apartment use. Northgate also has a larger proportion of congregate housing – 11 percent of all units, compared to five percent in the city – that are mostly independent living and assisted care facilities for seniors. Of the three percent of housing units in Northgate that are single family housing units, the vast majority are townhomes, with detached single-family residences representing just 0.3 percent of all housing units.

Exhibit 18: Housing Unit Characteristics, April 2024

Type of Residence	Northgate Subarea		City of Seattle	
	Number	Percent	Number	Percent
Single Family	18	0.3%	133,580	32.0%
Apartment	3,158	53.6%	171,945	41.2%
Condo	808	13.7%	37,741	9.0%
Condo in Apt Use	1,001	17.0%	15,893	3.8%
Townhouse	164	2.8%	23,392	5.6%
Congregate Residences (a)	672	11.4%	21,466	5.1%
Res-2-4 Unit	64	1.1%	12,571	3.0%
Res/Comm	9	0.2%	880	0.2%
Total	5,894	100.0%	417,468	100.0%
Single Family Housing Units	182	3.1%	156,972	37.6%
Multifamily Housing Units	5,712	96.9%	260,496	62.4%

(a) Congregate residences include residences such as retirement facilities, dormitories, shelters, and prisons. These residences are often leased/counted as beds rather than units.

Sources: King County Assessor; BAE, 2024.

Subarea Geography: Regional Center Boundaries.

Northgate’s housing stock is relatively new compared to Seattle as a whole, with a median year built of 2006 compared to 1999 for the city. According to the King County Assessor, shown in Exhibit 19, as of April 2024 almost 70 percent of the housing units in Northgate were built after 2000, with 14 percent of units built since 2020. Citywide, 48 percent of units were built after 2000, and 9 percent of units were built since 2020.

Exhibit 19: Housing Units by Year Built, April 2024

Year Built	Northgate Subarea		City of Seattle	
	Number	Percent	Number	Percent
2020 or Later	850	14.4%	37,028	8.9%
2010-2019	1,453	24.7%	96,493	23.1%
2000-2009	1,759	29.8%	67,330	16.1%
1990-1999	1,102	18.7%	64,458	15.4%
1980-1989	496	8.4%	32,933	7.9%
1970-1979	185	3.1%	8,933	2.1%
1960-1969	25	0.4%	9,635	2.3%
1950-1959	16	0.3%	20,848	5.0%
1940-1949	4	0.1%	22,968	5.5%
1939 or Earlier	4	0.1%	56,842	13.6%
Total	5,894	100.0%	417,468	100.0%
Median Year Built (a)	2006		1999	

Notes:

(a) Median Year Built was calculated based on the distribution of the data.

Sources: King County Assessor; BAE, 2024.

Subarea Geography: Regional Center Boundaries.

As shown in Exhibit 20, Northgate’s households are primarily renters, with two thirds of housing units being renter-occupied between 2018 and 2022, according to the American Community Survey. Northgate’s renter households represented a larger share of total households when compared to the City of Seattle and Puget Sound Region, with renter-occupied housing units making up 56 percent of the city’s total units, and just 39 percent of the region’s total units. Between 2010 and 2022, the share of renter-occupied units grew in all three study areas: by two percent in Northgate, by four percent in Seattle, and by two percent in the Puget Sound Region.

Exhibit 20: Occupied Housing Units by Tenure, 2006-2010 to 2018-2022 Five-Year Estimates

Northgate

Tenure	2010		2022		Percent Change 2010-2022
	Number	Percent	Number	Percent	
Owner-Occupied	1,809	35.3%	2,049	33.4%	13.3%
Renter-Occupied	3,318	64.7%	4,091	66.6%	23.3%
Total	5,127	100.0%	6,140	100.0%	19.8%

Seattle

Tenure	2010		2022		Percent Change 2010-2022
	Number	Percent	Number	Percent	
Owner-Occupied	137,085	48.9%	153,477	44.5%	12.0%
Renter-Occupied	143,368	51.1%	191,769	55.5%	33.8%
Total	280,453	100.0%	345,246	100.0%	23.1%

Puget Sound Region

Tenure	2010		2022		Percent Change 2010-2022
	Number	Percent	Number	Percent	
Owner-Occupied	900,971	62.7%	1,020,582	61.0%	13.3%
Renter-Occupied	536,249	37.3%	651,145	39.0%	21.4%
Total	1,437,220	100.0%	1,671,727	100.0%	16.3%

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

Subarea Geography: 2020 and 2010 Census Tracts.

According to the American Community Survey, Northgate has a residential vacancy rate of 7.6 percent, similar to the city’s vacancy rate of 7.3 percent and slightly above the region’s vacancy rate of 5.6 percent. As shown in Exhibit 21, of the vacant units in Northgate 37 percent are available for rent, in line with the overall for-rent vacancy rate in Seattle and above the for-rent vacancy rate for the Puget Sound Region. Northgate has a larger share of housing units that are rented but not occupied than the city or region, at 22 percent compared to 13 percent and eight percent, respectively. This vacancy status is often indicative of a market that is delivering new units, in which recently built units are pre-leased or rented but not yet occupied at the time of the survey. The remainder of the vacant units in Northgate were vacant for other reasons, such as personal reasons of the owner, use by a caretaker or janitor, or being boarded up. According to the American Community Survey, there were limited units that were vacant because they were for sale, sold but not occupied, for seasonal/recreational/occasional use, or for migrant workers.

Exhibit 21: Housing Vacancy by Type of Vacancy, 2018-2022 Five-Year Estimates

Type of Vacancy	Northgate Subarea		City of Seattle		Puget Sound Region	
	Number	Percent	Number	Percent	Number	Percent
For rent	143	36.7%	10,067	37.0%	29,639	29.9%
Rented, not occupied	85	21.8%	3,404	12.5%	8,177	8.2%
For sale only	-	0.0%	1,883	6.9%	7,521	7.6%
Sold, not occupied	-	0.0%	1,089	4.0%	5,670	5.7%
For seasonal, recreational, or occasional use	-	0.0%	4,051	14.9%	18,056	18.2%
For migrant workers	-	0.0%	53	0.2%	170	0.2%
Other vacant (a)	162	41.5%	6,643	24.4%	30,045	30.3%
Total Vacant Housing Units	390	100.0%	27,190	100.0%	99,278	100.0%
Vacancy Rate (%)	7.6%		7.3%		5.6%	

Notes:

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

Sources: 2018-2022 American Community Survey, U.S. Census Bureau Table B25004; BAE, 2024.

Subarea Geography: 2020 Census Block Groups.

Rental Housing Market Overview

Northgate has a modestly sized but rapidly growing multifamily residential rental market, with 4,040 total units as of the end of 2023 according to CoStar. As shown in Exhibit 22 below, the rental vacancy rate for multifamily residential units was lower in Northgate than the city or region, at four percent in the neighborhood compared to roughly seven percent in Seattle and the Puget Sound Region. The vacancy rates below differ from the vacancy rates as reported by the ACS in Exhibit 21, due to different geographies (block groups vs. Regional Center boundaries), time period (2018-2022 vs. Q4 2023), and housing type (all unit types vs. multifamily rental units). The average asking rent for apartments in Northgate is approximately \$160 below the average asking rent for apartments in the city, and rents remained relatively stable between 2022 and 2023. While Northgate saw a significant amount of multifamily residential development during the ten-year period between 2014 and 2023, with 844 units built, there has been increased development activity recently with 1,355 new multifamily rental units currently under construction. The units under construction will increase Northgate’s total inventory by 33 percent and represent approximately ten percent of the total multifamily rental units currently under construction in the City of Seattle. Currently, the multifamily rental units in Northgate represent just two percent of the total units in Seattle.

Exhibit 22: Multifamily Residential Rental Market Summary, All Unit Sizes, Q4 2023

	Northgate	City of Seattle	Puget Sound Region
Inventory (units), Q4 2023	4,040	172,211	520,178
Occupied Units	3,873	159,288	477,033
Vacant Units	167	12,540	34,903
Vacancy Rate	4.1%	7.3%	6.7%
Avg. Asking Rents, Q4 2022 - Q4 2023			
Avg. Asking Rent, Q4 2022	\$1,761	\$1,925	\$1,863
Avg. Asking Rent, Q4 2023	\$1,780	\$1,939	\$1,885
% Change Q4 2022 - Q4 2023	1.1%	0.7%	1.2%
New Deliveries (units), Q1 2014 - Q4 2023	844	61,880	132,392
Under Construction (units), Q4 2023	1,355	15,126	29,828

Source: CoStar; BAE 2024.

Subarea Geography: Regional Center Boundaries.

For-Sale Housing Market Overview

Between March of 2023 and March of 2024, there were 47 recorded residential sales in the Northgate Regional Center: 18 townhomes and 29 condominiums, as shown in Exhibit 23. The average sale price was \$622,500 for townhomes and \$408,000 for condominiums. The average

size of townhome units sold in Northgate was 2,054 square feet and four bedrooms, compared to 1,027 square feet and two bedrooms for condominiums. Every unit sold in Northgate sold for less than \$850,000, with approximately 83 percent of condominiums selling for less than \$450,000 and 67 percent of townhomes selling for between \$450,000 and \$650,000. On a price per square foot basis, the townhomes sold at a median of \$309 per square foot and condominiums sold at an average of \$382 per square foot. This is well below the median sale price per square foot in Seattle as a whole according to Redfin, indicating that the Regional Center is a relatively affordable area to purchase a home. Over the same time period, the monthly median price per square foot in the City ranged from \$560 to \$580 for townhomes and \$610 to \$690 for condominiums.

Exhibit 23: Home Sale Price Distribution, Northgate Subarea, March 2023 - March 2024

	Townhouses/Rowhouses		Condominiums	
Sale Price Range				
Less than \$450,000	0	0.0%	24	82.8%
\$450,000-\$649,999	12	66.7%	3	10.3%
\$650,000-\$849,999	6	33.3%	2	6.9%
\$850,000 or more	0	0.0%	0	0.0%
Total Units Sold	18	100%	29	100%
Median Sale Price	\$634,500		\$392,000	
Average Sale Price	\$622,522		\$408,036	
Average Unit Size (SF)	2,054		1,027	
Average Number of Bedrooms	4		2	
Median Price per SF	\$309		\$382	
Average Price per SF	\$303		\$397	

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

Sources: ListSource, 2024; BAE, 2024.

Subarea Geography: Regional Center Boundaries.

According to Zillow, estimated home values in the zip code that covers Northgate (98125) have generally followed city-wide trends. As seen below in Exhibit 24, estimated home values in the zip code peaked in 2022 at just over \$850,000, followed by a slight decline between 2022 and 2023, with more stable values in 2024. The estimated home values in the City of Seattle have precipitously increased over the last decade, similarly reaching a peak in 2022. Despite a decrease in home value in 2023, potentially driven by increased interest rates, Seattle home values have increased steadily over the past four quarters.

Exhibit 24: Zillow Home Value Estimate 2014-2024



Notes: The Zillow Home Value Index is a measure of the typical home value and market changes across a given region and housing type. It reflects the typical value for homes in the 35th to 65th percentile range.

Learn more: <https://www.zillow.com/research/methodology-neural-zhvi-32128/>

Sources: Zillow Data Center; BAE, 2024.

Subarea Geography: Zillow Neighborhoods.

According to the City of Seattle’s residential development pipeline, there are approximately 1,500 residential units under construction in the Northgate Regional Center, which generally aligns with the CoStar data presented above in Exhibit 22. The large majority of units are located in multifamily developments, whether that be rental or for-sale. As Exhibit 25 also demonstrates, the Northgate area had nearly 500 new residential units delivered between 2018 and 2024, which represented a significant expansion of the housing inventory in Northgate. Based on the geographic location of these projects, shown in Exhibit 26 below, it is evident that the majority of the new developments are located in the eastern portion of the Northgate subarea, including the mall redevelopment site.

Exhibit 25: Residential Development Pipeline, 2019 Onwards

	Completed Since 2019 (a)		Under Construction (a)	
	Buildings	Units	Buildings	Units
Multifamily	6	451	7	1,493
Townhouses/Rowhouses	6	33	3	10
Other (b)	3	13	1	4
Total	15	497	11	1,507

Notes:

(a) The number of projects/units completed since 2019 is calculated using the "Year Finaled" column of the Building Permits data, summing all projects/units with a year of 2019 or later. Projects/units with no listed "Year Finaled" are counted as Under Construction.

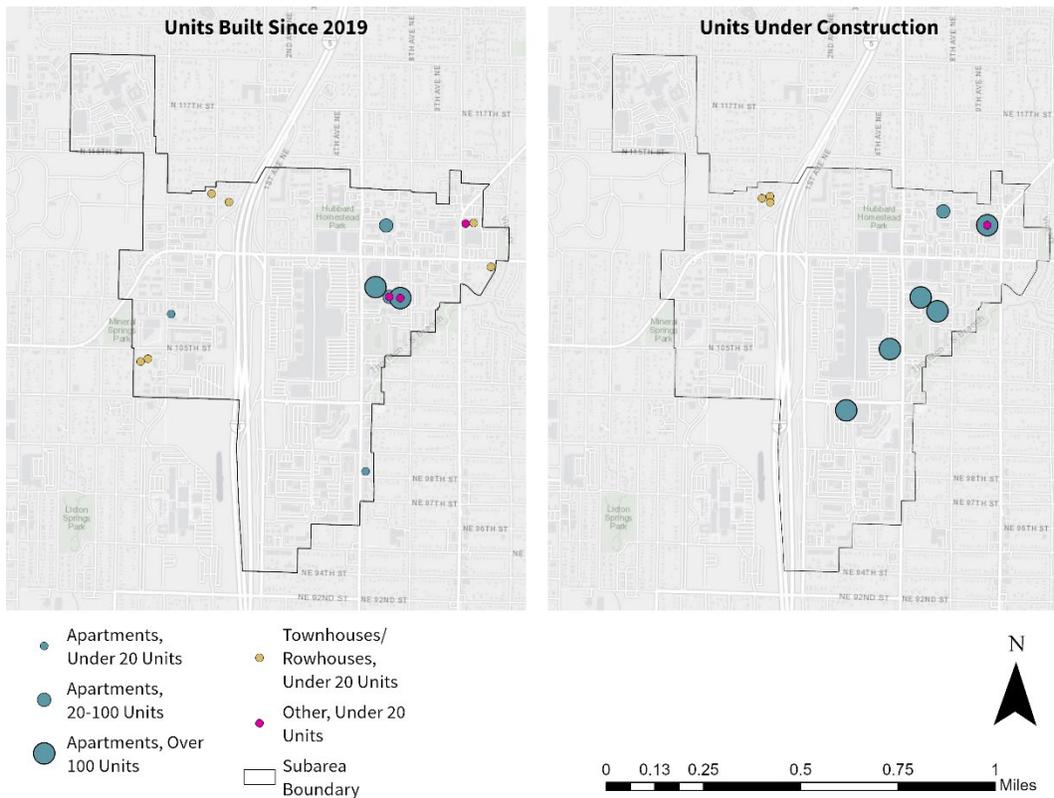
(b) "Other" includes Accessory Live/Work units and other uncommon development types.

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

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

Subarea Geography: Regional Center Boundaries.

Exhibit 26: Residential Development Pipeline Map, 2019 Onward



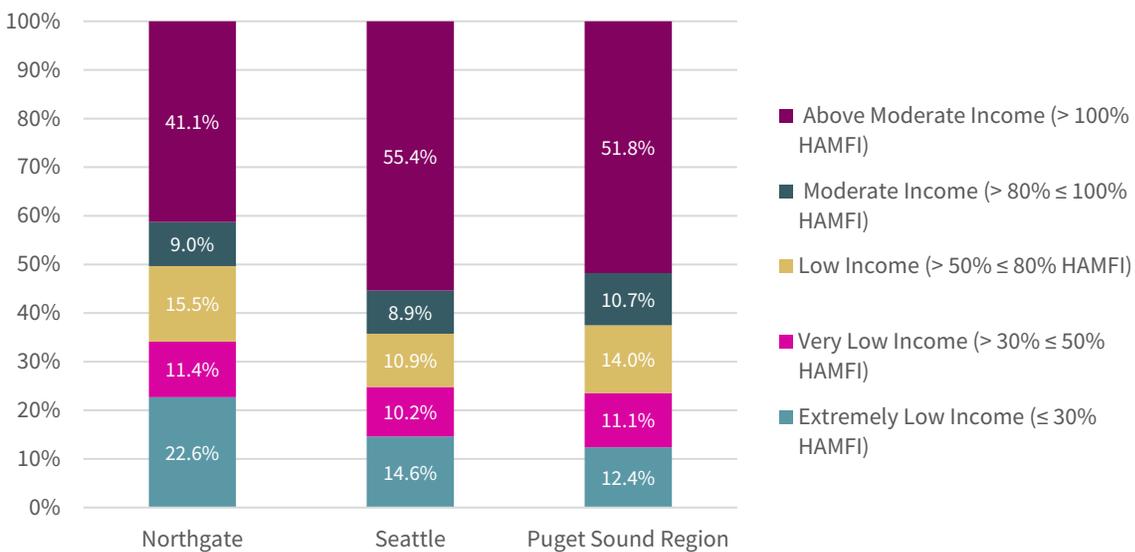
Sources: City of Seattle Residential Building Permits Issued and Final since 1990; BAE, 2024.

Subarea Geography: Regional Center Boundaries.

Housing Needs Assessment

As described in the Population and Household Trends section of this report, Northgate has significantly lower household and per capita incomes than the City of Seattle and the Puget Sound Region. Based on CHAS data, the Northgate Regional Center contains over 1.5 times the share of Extremely Low-Income households, relative to the City of Seattle and Puget Sound Region. As seen below in Exhibit 27, approximately 23 percent of Northgate residents have extremely low incomes, defined as 30 percent or less of the HUD Area Median Family Income (HAMFI). These households only account for 15 percent and 12 percent in the City of Seattle and Puget Sound Region, respectively. The combined category of Low-, Very Low-, and Extremely Low-Income ($\leq 80\%$ HAMFI) households make up half of all of Northgate’s households, compared to only 36 percent in Seattle and 38 percent in the Puget Sound Region. Northgate, the city, and the region have a similar share of households considered moderate income, at roughly ten percent of households. As a result, Northgate contains significantly fewer households with incomes above 100 percent of the area median income, or those considered Above Moderate-income according to HUD.

Exhibit 27: Households by Income Level, 2016-2020



Note: The total households for each area are as follows: 6,100 households in Northgate, 344,630 households in Seattle, and 1,635,635 households in the Puget Sound Region.

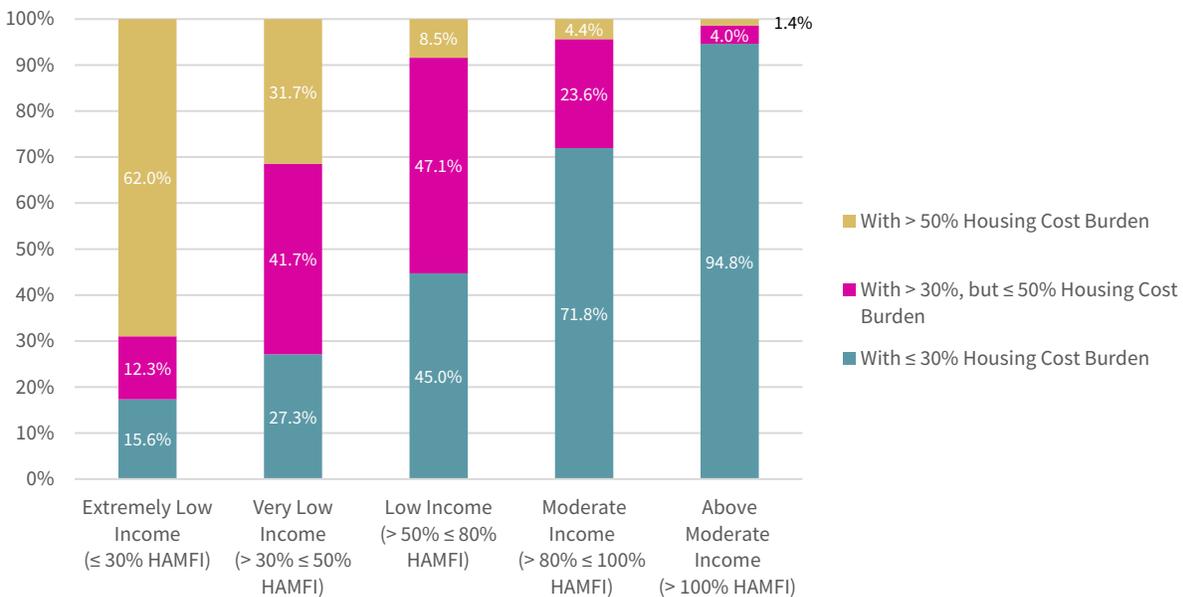
Sources: U.S. Department of Housing and Urban Development, 2016-2020 Comprehensive Housing Affordability Strategy (CHAS) data; BAE, 2024.

Subarea Geography: 2020 Census Tracts.

Northgate households with lower incomes experience higher levels of housing cost burden, defined as paying more than 30 percent of household income on housing expenses such as rent and basic utilities or mortgage payments. As seen below in Exhibit 28, almost two-thirds of

Extremely Low-Income households in Northgate are extremely cost burdened, while another 12 percent experience modest cost burden. Of the Very Low-Income households in Northgate, 73 percent experience some cost burden, with 32 percent of these households experiencing extreme cost burden. Low-Income households experience less cost burden relative to Extremely Low- and Very Low-income households, but still over half of the Low-Income households experience some cost burden, at approximately nine percent of households. Moderate-Income households experience significantly lower rates of cost burden, with 24 percent of these households experiencing moderate cost burden and only a small share with extreme cost burden. Lastly, above moderate-households experience a very limited amount of cost burden, at only five percent of households.

Exhibit 28: Housing Cost Burden by Income Category, 2016-2020

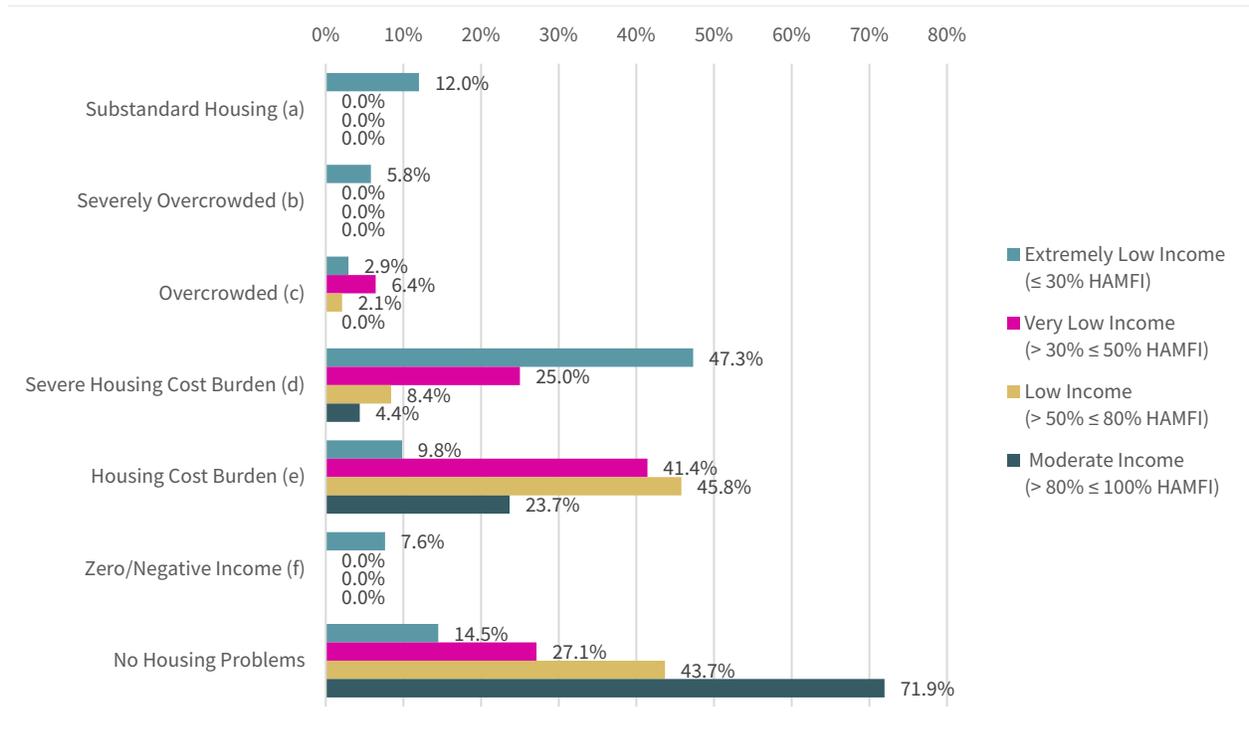


Sources: U.S. Department of Housing and Urban Development, 2016-2020 Comprehensive Housing Affordability Strategy (CHAS) data; BAE, 2024.
Subarea Geography: 2020 Census Tracts.

Based on a more detailed analysis of the CHAS data, shown below in Exhibit 29, it is evident that the housing cost burden challenges summarized above are the most significant housing problem faced by Northgate’s households, particularly those making less than 80 percent of the area median income. Of the other housing problems, as defined by HUD, substandard housing accounts for the second most significant problem in Northgate, with an estimated 12 percent of extremely low-income households living in substandard housing, defined as housing that lacks complete plumbing or kitchen facilities. Overcrowding, or households living with 1.0 persons per room or more, is also a housing problem facing some Northgate households. As seen below, approximately nine percent of extremely low-income households experience

overcrowding/severe overcrowding, while a small share of very low-income and low-income households experience overcrowding. This may highlight the need for larger deed-restricted affordable housing units for households making under 50 percent of the area median income who cannot typically afford market-rate units and instead crowd into smaller units.

Exhibit 29: Housing Problems by Income Level, 2016-2020



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

- (a) Lacking complete plumbing or kitchen facilities.
- (b) Greater than 1.5 persons per room.
- (c) 1.01 to 1.5 persons per room.
- (d) Housing costs greater than 50% of gross income.
- (e) Housing costs greater than 30% but less than 50% of gross income.

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

Subarea Geography: 2020 Census Tracts.

Income-Restricted Housing and Special Needs Housing Supply⁴

Northgate has a limited existing inventory of income-restricted housing. According to HUD’s available Low-Income Housing Tax Credit (LIHTC) data, there is only one existing project in the Regional Center that currently has tax credits: the 82-unit Northaven West affordable senior living facility that opened in 2022.

BRIDGE Housing Northgate TOD

In partnership with Community Roots Housing, BRIDGE is developing 232 units of affordable housing at the Northgate Transit HUB, with a nearly 10,000-square-foot daycare on the ground floor. The development will provide a mix of unit sizes including at least 52 two- or three-bedroom apartments, and 24 units will be reserved for system-connected households. All affordable units will be available to households earning 60 percent or less of the area median income.

Northgate Commons

The Seattle Housing Authority has acquired an existing 211-unit apartment complex which will be demolished and replaced with a multi-phased development consisting of 1,400 affordable and market-rate units on six parcels. SHA plans to leverage low-income housing tax credits and related sources of affordable housing financing to develop two of the six parcels with 100 percent affordable projects. The remaining parcels will be offered for sale to the private sector for development as market-rate and mixed-income housing subject to both the City’s MHA and SHA requirements for affordable housing.

While historically much of Northgate’s multifamily housing stock has been naturally affordable to low- and moderate-income households, in the face of new luxury residential development there is likely a need for additional deed-restricted affordable housing.

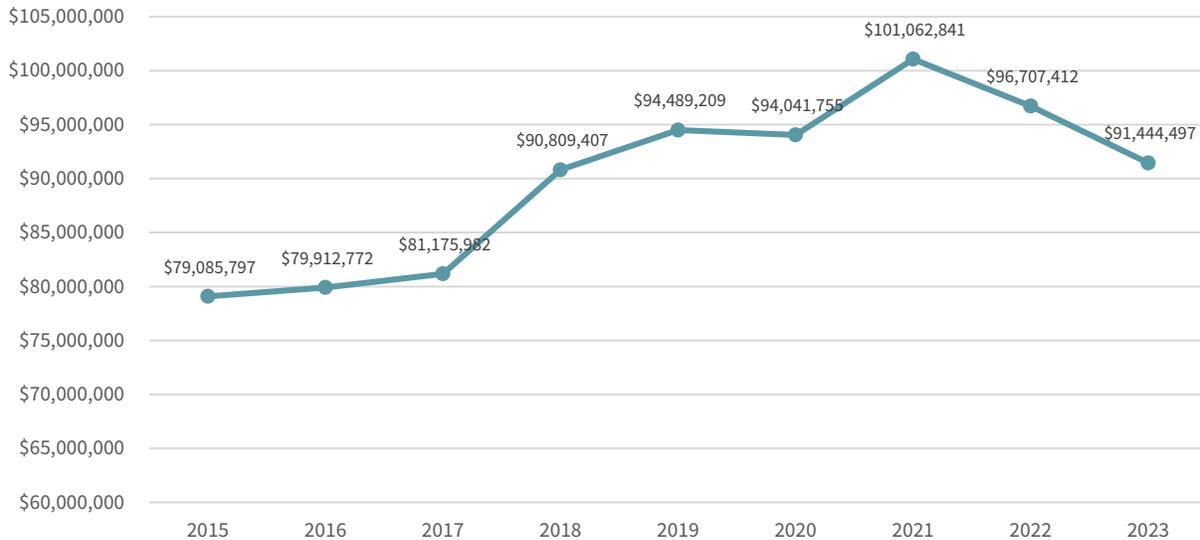
⁴ Populations included in “Special Needs” housing include seniors, people with disabilities, and those experiencing homelessness. See the PSRC Regional Housing Strategy here: <https://www.psrc.org/sites/default/files/2022-08/rhna.pdf>

Commercial Real Estate Market Overview

Retail & Food Service

In 2023 the total retail sales in the City of Seattle generated approximately \$91,445,000 in sales tax revenue, as shown in Exhibit 30. Retail sales tax revenue grew between 2015 and 2021, reaching a peak of approximately \$101,062,000 in 2021 before declining in 2022 and 2023.

Exhibit 30: Seattle Retail Sales Tax Revenue, 2015-2023



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

Source: City of Seattle; BAE, 2024.

Of the \$91,445,000 in sales tax revenue generated in 2023, 29 percent falls into the Sporting Goods, Hobby, Musical Instrument, Book, and Miscellaneous Retailers sales category, as shown in Exhibit 31. This sales category is a catch-all for retailers that do not fall under one of the more specific categories, and includes online businesses like Amazon and Wayfair, as well as used goods, tobacco products, and pet supplies. The other top retail sales tax categories are: Motor Vehicles and Parts Dealers, generating 16 percent of revenue; Furniture, Home Furnishings, Electronics, and Appliance Retailers, generating 14 percent of revenue; and General Merchandise Retailers, generating 13 percent of revenue.

Exhibit 31: Retail Sales Tax Revenue by Sales Category, 2023

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

Source: City of Seattle; BAE, 2024.

According to available CoStar data, as of the end of 2023 Northgate had just under 1.2 million square feet of retail space comprising three percent of Seattle’s total retail inventory (before the Northgate Mall closed, Northgate comprised five percent of the total retail inventory). The retail vacancy rate in Northgate was relatively low compared to the city and region, at 1.7 percent compared to 4.0 percent and 3.0 percent, respectively. The retail landscape in Northgate has changed dramatically over the past ten years with the closing of the Northgate Mall, and this is reflected in the Regional Center’s net absorption. Northgate saw negative net absorption (including demolished spaces) of almost 700,000 square feet of retail space between Q1 2014 and Q4 2023 (almost exclusively due to the closing of Northgate Mall) more than the total negative net absorption in the City of Seattle. This indicates that retail in other neighborhoods performed well over the last ten years. Over the same time period, the Puget Sound Region experienced positive net absorption of over 6 million square feet of retail space. However, in 2023, both Seattle and the Puget Sound Region experienced negative net absorption. As of the end of 2023, CoStar reports that there was no new retail under construction within the City of Seattle.

Exhibit 32: Retail Market Overview, Q1 2014 - Q4 2023

	Northgate	City of Seattle	Puget Sound Region
Inventory (sf), Q4 2023	1,180,401	34,118,394	196,381,517
Inventory (% of City)	3.4%	100.0%	-
Inventory (% of Region)	0.6%	17.9%	100.0%
Occupied Stock (sf)	1,160,876	32,754,714	190,420,282
Vacant Stock (sf)	19,525	1,363,680	5,961,235
Vacancy Rate	1.7%	4.0%	3.0%
Avg. Asking NNN Rents			
Avg. Asking Retail Rent (psf), Q4 2022	\$2.10	\$2.27	\$1.93
Avg. Asking Retail Rent (psf), Q4 2023	\$2.23	\$2.25	\$1.95
% Change Q4 2022 - Q4 2023	6.2%	-0.9%	1.0%
Net Absorption			
Net Absorption (sf), Q1 2014 - Q4 2023	(684,579)	(612,386)	6,451,438
Net Absorption (sf), Q1 2023 - Q4 2023	(7,097)	(126,050)	(456,552)
New Deliveries (sf) Q1 2014 - Q4 2023	-	1,400,761	8,253,470
Under Construction (sf), Q4 2023	-	-	502,144

Source: CoStar; BAE 2024.

Subarea Geography: Regional Center Boundaries.

Office

As of the end of 2023, according to CoStar, Northgate had almost 1.4 million square feet of office space comprising one percent of Seattle’s total office inventory. The office vacancy rate in Northgate was lower than in the City of Seattle or Puget Sound Region, at nine percent compared to 17 percent and 14 percent, respectively. Over the last ten years the Puget Sound Region had positive net absorption of almost 19 million square feet, 58 percent of which was within the City of Seattle. However, in 2023 Seattle experienced over 4 million square feet of negative net absorption, more than the region as a whole despite the city having only 45 percent of the region’s office inventory. This highlights unique challenges in demand for Seattle office space. Over both the ten year and one year time periods, Northgate had minimal negative net absorption. Between Q1 2014 and Q4 2023 there was 44,800 square feet of new office space built in Northgate, but as of the end of 2023 there is no new office space under construction.

Exhibit 33: Office Market Summary, Q1 2014 – Q4 2023

	Northgate	City of Seattle	Puget Sound Region
Inventory (sf), Q4 2023	1,369,019	107,998,688	238,147,699
Inventory (% of City)	1.3%	100.0%	-
Inventory (% of Region)	0.6%	45.3%	100.0%
Occupied Stock (sf)	1,244,643	89,804,592	205,509,608
Vacant Stock (sf)	124,376	18,194,096	32,638,091
Vacancy Rate	9.1%	16.8%	13.7%
Avg. Asking Office Gross Rents			
Avg. Asking Retail Rent (psf), Q4 2022	\$2.79	\$3.04	\$2.83
Avg. Asking Retail Rent (psf), Q4 2023	\$2.77	\$3.02	\$2.87
% Change Q4 2022 - Q4 2023	-0.7%	-0.7%	1.4%
Net Absorption			
Net Absorption (sf), Q1 2014 - Q4 2023	(12,405)	11,039,087	18,971,524
Net Absorption (sf), Q1 2023 - Q4 2023	(13,407)	(4,011,326)	(3,805,969)
New Deliveries (sf) Q1 2014 - Q4 2023	44,800	22,776,335	35,663,959
Under Construction (sf), Q4 2023	-	2,820,371	9,534,358

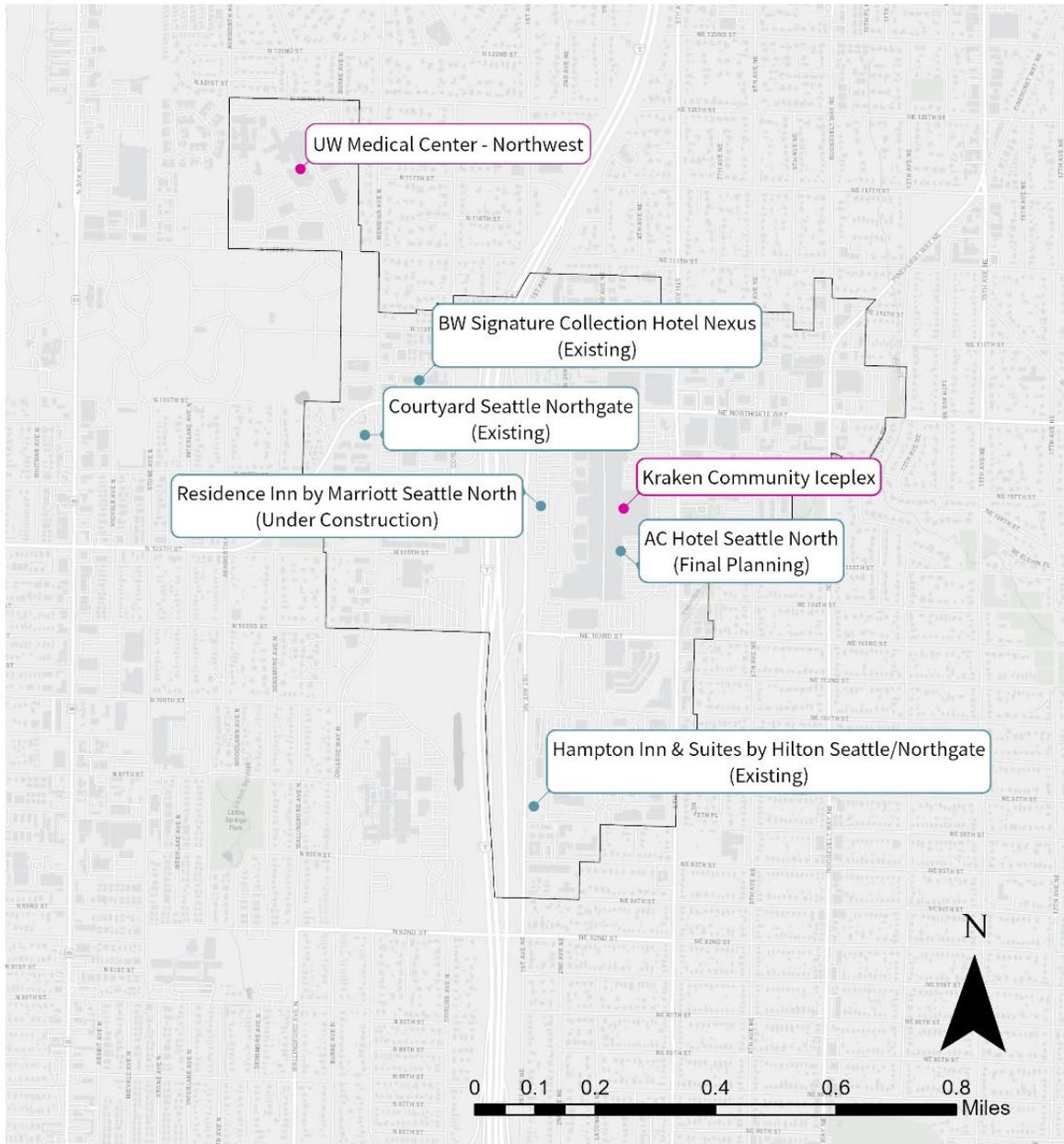
Source: CoStar; BAE 2024.

Subarea Geography: Regional Center Boundaries.

Lodging and Entertainment

Northgate is currently home to three hotels, with two new hotels in the development pipeline. As shown in Exhibit 34, one of the hotels – the Residence Inn by Marriott Seattle North – is already under construction, while the AC Hotel Seattle North is in final planning. The existing hotels have a total of 476 rooms with the under-development hotels adding 347 rooms, representing a 73 percent increase in the total hotel room stock. According to stakeholder interviews with local developers, the existing hotels primarily serve visitors to the Kraken Community Iceplex, and other major employers like the UW Medical Center – Northwest, to a lesser degree. The new employment associated with these hotels will vary by hotel class: for mid-range hotels the employee-to-room ratio is generally 0.5-1, while luxury hotels may have up to 2 employees per room. For the 347 new rooms in the development pipeline, an estimated 173 to 347 jobs will be created in Northgate.

Exhibit 34: Northgate Hospitality, Existing and Development Pipeline



Planned and Proposed Commercial Projects

With the redevelopment of the 41-acre Northgate Mall site into the Northgate Station mixed-use town center, the neighborhood is slated to see extensive new commercial and residential development. All four of the commercial projects currently in the development pipeline are on the former mall site, two of which are hotel properties as described above and two of which are currently proposed as office properties. However, after conversations with local stakeholders, it appears possible that these will be developed with uses other than office space. As of April 2024,

according to CoStar, there are no retail or industrial/flex properties that are planned, proposed, or under construction. However, Simon Property Group’s redevelopment plan for Northgate Station shows the inclusion of 404,000 square feet of retail space as well as an additional 445,000 square feet of other commercial space.

Exhibit 35: Non-Residential Development Pipeline, April 2024

	Office		Hospitality	
	Acres	Square Feet	Acres	Square Feet
Planned and Proposed				
AC Hotel by Marriott Seattle North	-	-	5.9	135,000
Northgate Station Building 03	n/a	280,000	-	-
Northgate Station Building 05	n/a	270,000	-	-
Subtotal, Planned and Proposed	n/a	550,000	5.9	135,000
Under Construction				
Residence Inn by Marriott Seattle North	-	-	3.0	125,250
Subtotal, Under Construction	-	-	3.0	125,250
Total, All Projects	n/a	550,000	8.9	260,250

Sources: CoStar; BAE, 2024.

Subarea Geography: Regional Center Boundary.

In addition to the Northgate Station mixed-use development, the neighborhood is poised to see significant non-residential development, including the build out of the University of Washington Medical Center (UWMC) Northwest Master Plan. UWMC Northwest is endeavoring on a twenty-year master plan process to modernize the aging medical facilities into a state-of-the-art teaching hospital, growing from the existing 738,000 square feet to 1.6 million square feet. The expansion will include over 200 new beds and potentially hundreds of additional employees. This master plan also creates a development opportunity for additional medical office space throughout the Regional Center.