



TO: T.C. Broadnax, City Manager
FROM: Ricardo Noguera, Director, Community and Economic Development Department
COPY: Economic Development Committee
SUBJECT: Tacoma Retail Sector Update
DATE: August 23, 2016

SUMMARY:

Retail is an important economic sector for Tacoma. Retail operations in Tacoma are numerous, diverse and spread throughout the City. The sector is the third largest job producer in Tacoma and is responsible for providing many of the goods needed and desired by individuals, families and businesses. Retail sales tax represents nearly 50-percent of all of the local sales taxes received by the City and is an important support to the City's ability to provide services to the community. Sales taxes represent about 20-percent of the General Fund.

Tim Weber, Vice President and Principal at First Western Properties – Tacoma, a real estate brokerage focused entirely on retail real estate sales and leasing, will provide an update to the Economic Development Committee on trends and happenings in Tacoma's retail sector.

BACKGROUND:

As the generator of roughly 11,000 fulltime jobs, retail is Tacoma's third largest industry sector. The retail sector provides jobs to 10-percent of working Tacomans. Only healthcare and government employ more people.

The total local sales tax in 2015 was \$41,718,507. Retail uses provided the City of Tacoma \$20,074,106 of this total. Removing auto, boat and recreational vehicle dealers, parts stores, gas stations, and on line retailers, local sales taxes amounted to \$13,041,905 in 2015. Retailers paid \$4,398,271 in B & O taxes in 2015.

Though most densely focused in the Tacoma Mall sub-area, retail shops exist throughout the community and provide a wide variety of need-based and want-based consumer opportunities for residents, businesses and visitors. Retail uses include everything from unique individual boutiques to national brand stores, grocery stores of all types, restaurants small and large as well as diverse "large format" operations such as Home Depot, Costco, Fred Meyer, and Nordstrom. The vast diversity of retail opportunities allows consumers many buying choices in Tacoma, provides employment and adds to the quality of life.

ISSUE:



The retail sector can be a good barometer of the economic strength of the community as a whole and also of unique neighborhoods. Trends can also indicate and foretell needs for adaptation as consumer patterns change. For example, the increasing use of the internet has impacted bricks and mortar stores and how and where they operate. Also it was recently reported that consumers' want-based buying is moving away from clothing in favor of home improvement and décor items and "experiences" like travel, outings and entertainment.

ALTERNATIVES:

No alternatives are presented. This is a briefing only.

FISCAL IMPACT:

This is a briefing only.

RECOMMENDATION:

This is an information briefing only. There is no recommendation.