



TO: Elizabeth Pauli, City Manager
FROM: Kim Bedier, Acting Director, Community & Economic Development Department
COPY: Economic Development Committee
PRESENTER: Elly Walkowiak, Assistant Director, Community & Economic Development Dept.
SUBJECT: Tacoma Office Market
DATE: April 24, 2018

PRESENTATION TYPE:
Informational Briefing

SUMMARY:

Livable wage office employment in Tacoma is a component of its diverse economy. Recently, State Farm Mutual Insurance announced that it would vacate 300,000 square feet of Class A office space in Downtown Tacoma and eliminate approximately 1,400 office jobs in Tacoma by October 31, 2018. Assistant Community & Economic Development (CEDD) Director, Elly Walkowiak, and President/CEO of the Economic Development Board for Tacoma-Pierce County (EDB), Bruce Kendall, will present information about Tacoma's office market, discuss the challenges and opportunities to strengthen it, and provide ideas to enhance investment in office buildings and support development of office employment.

BACKGROUND:

Pursuing livable wage office employment is highlighted in Tacoma 2025, One Tacoma (Comprehensive Plan), Five-Year Economic Development Strategic Plan and Two-Year Action Plan 2016-2017. The Puget Sound Regional Council forecasts that by 2030, Tacoma will accommodate 60,000 new jobs and 70,000 more people. The community must manage this growth while adhering to its core values. Office employment will contribute to the evolution of a vibrant, diverse economy in Tacoma that enables equity and inclusion.

The EDB and CEDD are the primary entities involved in helping to retain, expand and attract office investment and employment. Each group has a distinct role, which are mutually reinforcing. The EDB is a recognized Associate Development Organization (ADO) that receives State Department of Commerce leads. It has established networks that enable it to seek new employment-generating opportunities. CEDD has an array of business relationships as well as access to resources which it capitalizes on to help build the local economy.

CEDD and the EDB worked closely together on the Amazon HQ2 proposal. This process identified a variety of assets that Tacoma can leverage to expand and attract office users, such as property, talent, infrastructure, educational opportunities, amenities, incentives and other strengths. It demonstrated the importance of broad-based community involvement in creating a desirable place in which people choose to invest.

Opportunities exist to build on Tacoma's assets. The EDB and CEDD are in process of working with the owners and brokers of the office space that State Farm will vacate to expand and attract new firms to Tacoma. Opportunities also exist to address challenges, especially related to timely permitting for tenant improvements, encouraging reinvestment in existing office product, catalyzing new construction and others.



ISSUE:

Increase livable wage office employment and attract capital investment in office product to sustain a vibrant, diverse economy in Tacoma.

ALTERNATIVES:

This is an information briefing only.

FISCAL IMPACT:

This is an information briefing only.

RECOMMENDATION:

This is an information briefing only.