

# Appendix 5-A

Existing Conditions for Economic  
Development

# City of Monroe

## Economic Development Element

### Existing Conditions and Forecast

#### INTRODUCTION

##### Background and Purpose

The City of Monroe is embarking upon a periodic update to its Comprehensive Plan and development regulations. The Plan update will include adoption of a new Economic Development Element, which was last amended in 2015. This report provides an analysis of economic data to describe existing conditions and expected growth in the city to support development of the Economic Development Element. Data is summarized in the report to establish a shared understanding of the city's economy for Monroe to consider as it adopts a vision, goals, and policies in its new Economic Development Element.

##### Methods

This Existing Conditions report relies on existing and publicly available data sources. Sources include the Washington State Office of Financial Management (OFM), U.S. Census Bureau (Census), Puget Sound Regional Council (PSRC), business data resources including Redfin and CoStar, as well as community resources from the City of Monroe, including the current 2015-2035 Economic Development Element and Comprehensive Plan for the city.

##### Organization of Report

The remainder of this report is organized as follows:

- **Existing Conditions** includes an overview of current demographic, socio-economic, housing, and market conditions in Monroe, including forecast population and employment growth.
- **Market Analysis** includes an assessment of retail, office, and industrial inventory, vacancy and lease rates, and absorption.
- **Employment Lands Analysis** includes an assessment of the land supply and capacity available for employment forecast for Monroe.
- **Findings and Implications** reviews and outlines opportunities for policy and programmatic action for the City of Monroe.

# EXISTING CONDITIONS

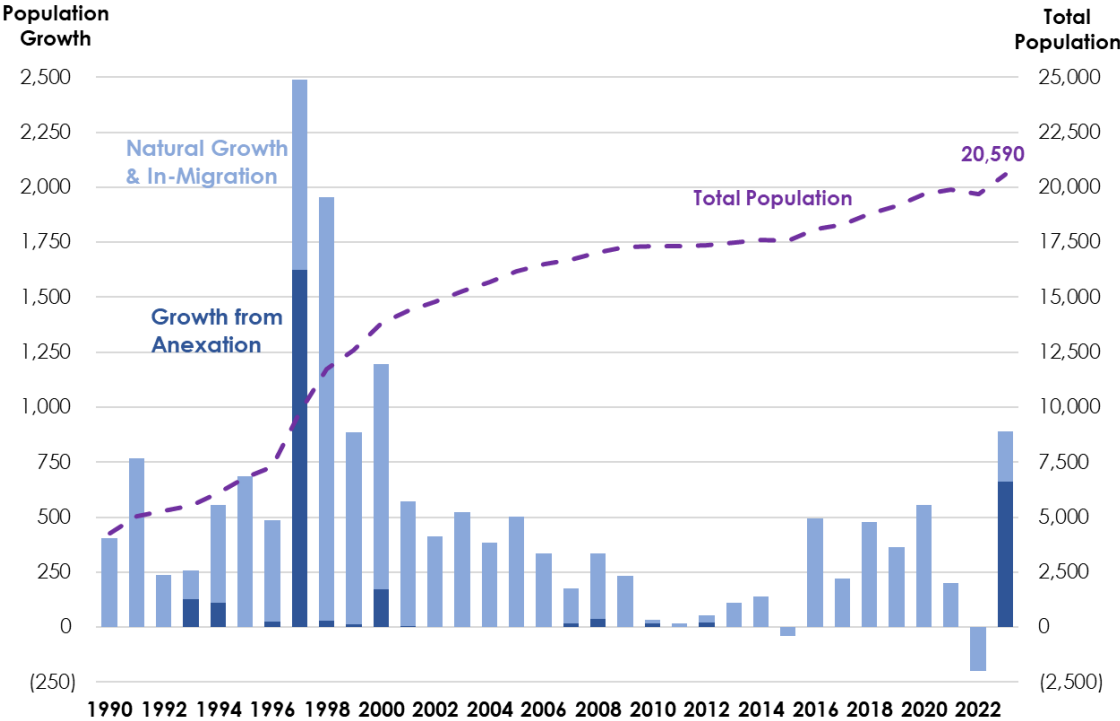
The City of Monroe is an incorporated city in Snohomish County, Washington. It is located where the Skykomish and Snoqualmie rivers meet the Snohomish River near the Cascade foothills, approximately 40 miles northeast of Seattle, 21 miles east of Everett, and 32 miles north of Bellevue. While a significant portion of the city’s land is dedicated to detached residential housing, the city also includes an historic downtown core, regional shopping centers in the North Kelsey district and the US-2 commercial corridor, industrial and institutional uses including the Monroe Correctional Complex, a County Fairgrounds, and an airport.

This section reviews and discusses trends regarding Monroe’s population, housing stock, and economy.

## Population and Demographics

As of 2023, the city’s population was approximately 20,600 (**Exhibit 1**), an increase of more than 16,000 since 1990. Growth has increased in the recent time period compared to the previous one. The population was relatively stable between 2009 and 2015, while from 2016 to 2021, the population grew by between 200 to over 500 people annually. However, in 2022, the population decreased by 200.

**Exhibit 1. Population Change, City of Monroe, 1990 – 2023**



Sources: Washington State Office of Financial Management, 2022; Community Attributes Inc., 2022.  
 Note: OFM population estimates include persons living in correctional institutions.<sup>1</sup>

<sup>1</sup> [https://www.ofm.wa.gov/sites/default/files/public/dataresearch/pop/april1/ofm\\_april1\\_poptrends.pdf](https://www.ofm.wa.gov/sites/default/files/public/dataresearch/pop/april1/ofm_april1_poptrends.pdf)

The City of Monroe completed the Monroe Woodlands annexation, effective February 16, 2022. According to documentation from the Washington State Office of Financial Management, this annexation area is 178 acres and adds a population of 660 to the City of Monroe. The estimated 660 added population is reflected in the 2023 data from the Office of Financial Management.

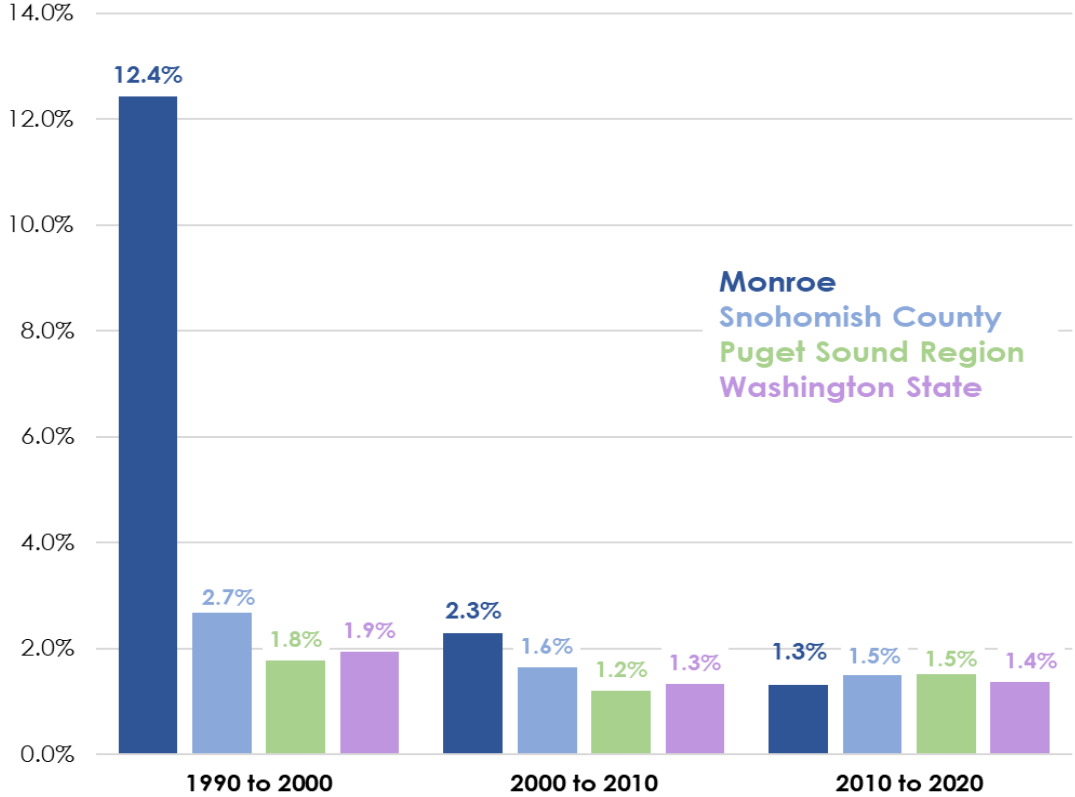
The city's total population includes inmates in the Monroe Correctional Complex, which is a Washington State facility. In September 2022, the average daily population at the facility was 1,514, while the institution's capacity was 1,779. The facility's population and capacity significantly decreased since June 2021, when the facility had capacity for 2,500 inmates, but an actual population of 2,000 individuals.

After accounting for the Department of Corrections population, the remaining City of Monroe population increased by approximately 700 in 2021 and another 300 in 2022.

Following a surge due to annexations and development, the city’s population is growing at a rate in line with county trends.

The city has had recent periods of rapid growth. From 1990-2000, the city grew at a rate of 12.4% annually largely driven by annexations adding nearly 2,100 people to the city’s population, as well as an increased pace of residential construction (Exhibit 2). From 2000 to 2010, the annual population growth rate was 2.3%, a higher growth rate than that of Snohomish County, the Puget Sound region, and the state of Washington. The city experienced the slowest growth from 2010 to 2020 within the past three decades, but the growth rate was commensurate with the region and the state during this period.

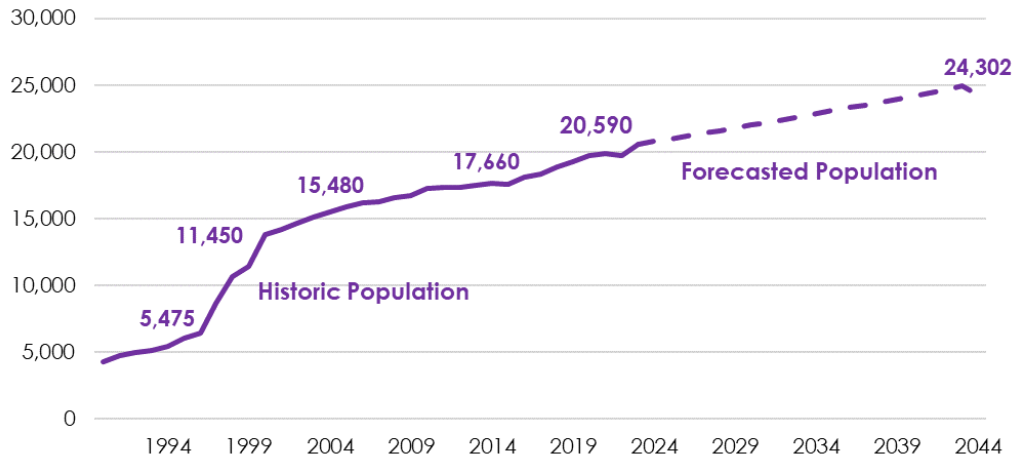
**Exhibit 2. Population Growth Rates (CAGRs), City of Monroe, Snohomish County, Puget Sound Region, and Washington State, 1990 to 2020**



Sources: Washington State Office of Financial Management, 2022; Community Attributes Inc., 2022.

The City of Monroe is expected to grow to 24,300 residents by 2044. This represents a compound annual growth rate of 0.8% between 2023 and 2044 and overall growth of 3,712 residents above current population of 20,590 as of 2023. Population growth projections are provided by the Snohomish Countywide Planning Policies, which allocate countywide growth projections to cities and unincorporated Urban Growth Areas. (Exhibit 3)

**Exhibit 3. Historic and Forecasted Population, City of Monroe, 1990-2044**

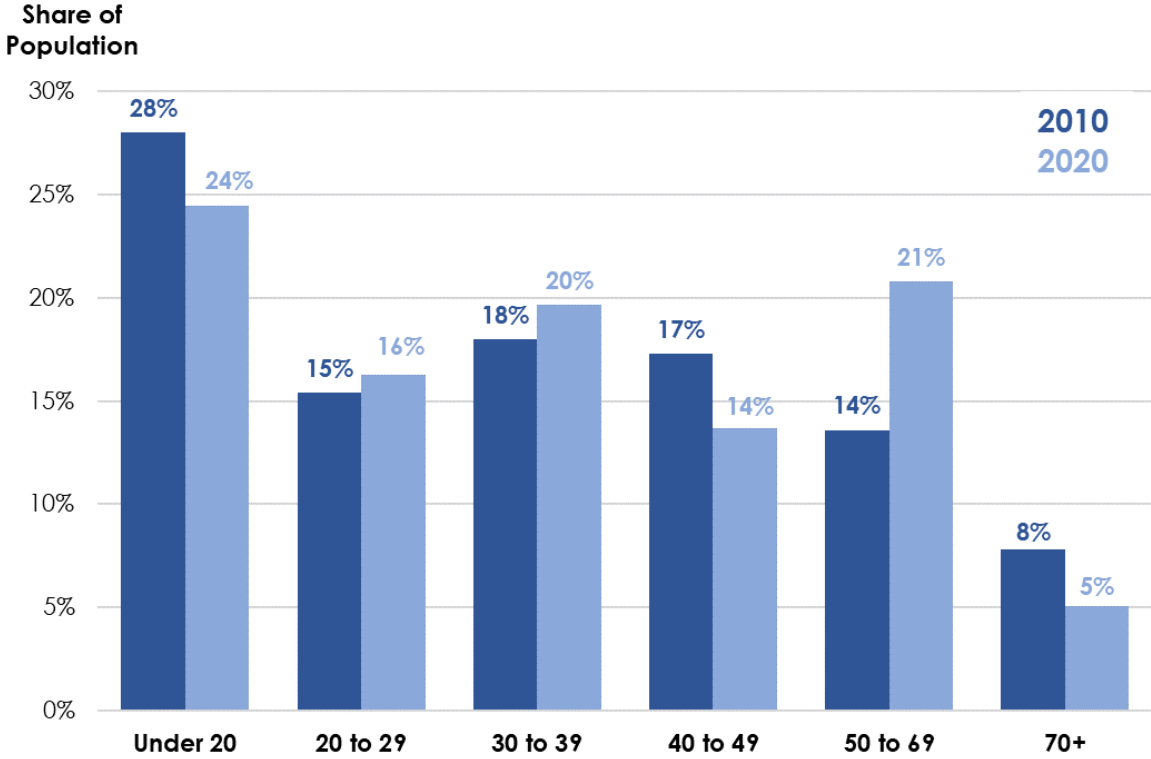


Sources: Washington State Office of Financial Management, 2022; Snohomish County, 2021; Community Attributes Inc., 2022.

**Monroe’s population is aging and has a growing share of residents aged 20 to 39.**

The city’s population group recently experiencing the highest growth rate is residents aged 50-69, which increased its share of the population by 7% from 14% in 2010 to 21% in 2020 (Exhibit 4). Residents aged 20-39 moderately increased their share of the population during this time. Residents under 20 had the largest decrease in share of population, declining 4% from 28% to 24% of the population in the last decade. These trends indicate an overall aging of the city’s population.

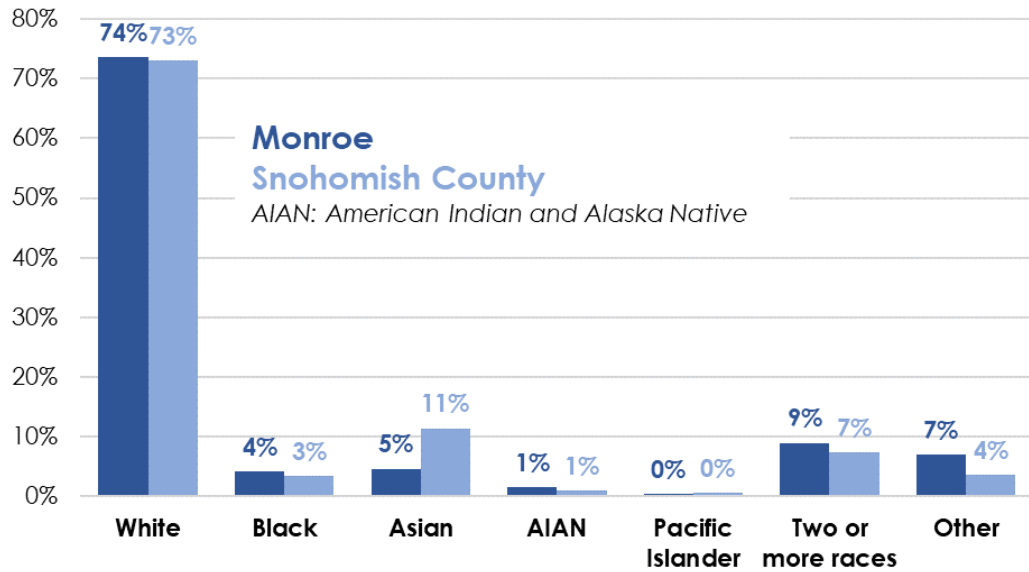
**Exhibit 4. Share of Population by Age and Change in Population by Age, City of Monroe, 2010 and 2020**



Sources: U.S. Census Bureau American Community Survey 5-Year Estimates, 2022; Community Attributes Inc., 2022.

Nearly three-quarters of Monroe and Snohomish County residents identify as white (74% and 73%, respectively) (**Exhibit 5**). Monroe has a slightly higher share of residents who identify as black or two or more races than Snohomish County as a whole, and a smaller share of people who identify as Asian. Overall, 16% of Monroe’s population is of Hispanic or Latino origin, exceeding the 11% of Snohomish County’s share of population identifying as Hispanic or Latino origin. Among, Monroe’s Hispanic or Latino population, 40% identify as White, 39% identify as some other race and 14% identify as two or more races.

**Exhibit 5. Race, City of Monroe and Snohomish County, 2020**



Sources: U.S. Census Bureau American Community Survey 5-Year Estimates, 2022; Community Attributes Inc., 2022.  
 Note: ACS population estimates include persons living in correctional institutions.<sup>2</sup>

<sup>2</sup>[https://www.census.gov/content/dam/Census/library/publications/2020/acs/acs\\_general\\_handbook\\_2020.pdf](https://www.census.gov/content/dam/Census/library/publications/2020/acs/acs_general_handbook_2020.pdf)

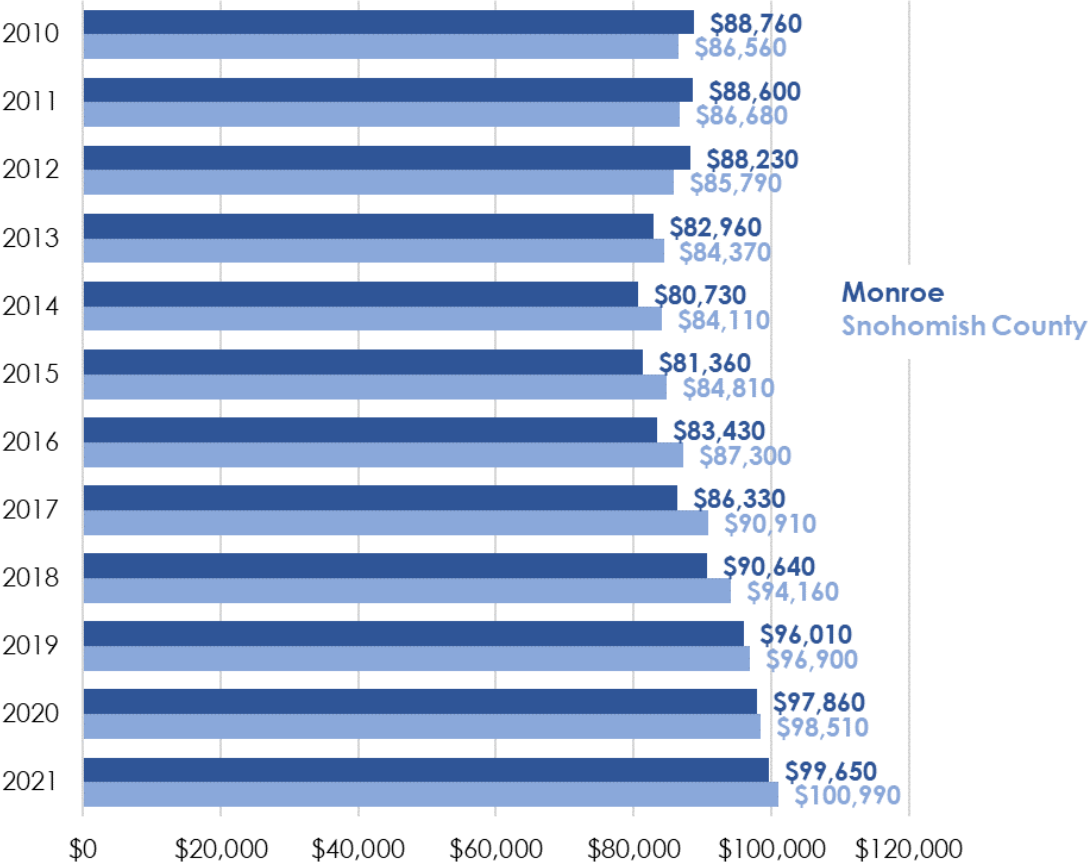


**Monroe’s median household income has increased to nearly \$100,000 over the past decade, in line with the countywide median household income levels.**

Monroe’s median household income was higher than Snohomish County as a whole from 2010-2012, at which point it declined for two years (**Exhibit 6**). Median household income in the city has been steadily increasing in recent years and in 2020 was nearly equal to Snohomish County as a whole.

Median household income represents the income level at which half of the households earn more and half earn less within that area, while per capita income measures the average income per person in a given area. In 2021, the median household income in Monroe was \$99,650, in 2022 dollars, just slightly below the median household income for Snohomish County of \$100,990. This is in comparison to the 2021 per capita income of \$35,110, in 2022 dollars.

**Exhibit 6. Median Household Income by Year, City of Monroe and Snohomish County, 2010 to 2021, Real 2022 Dollars**

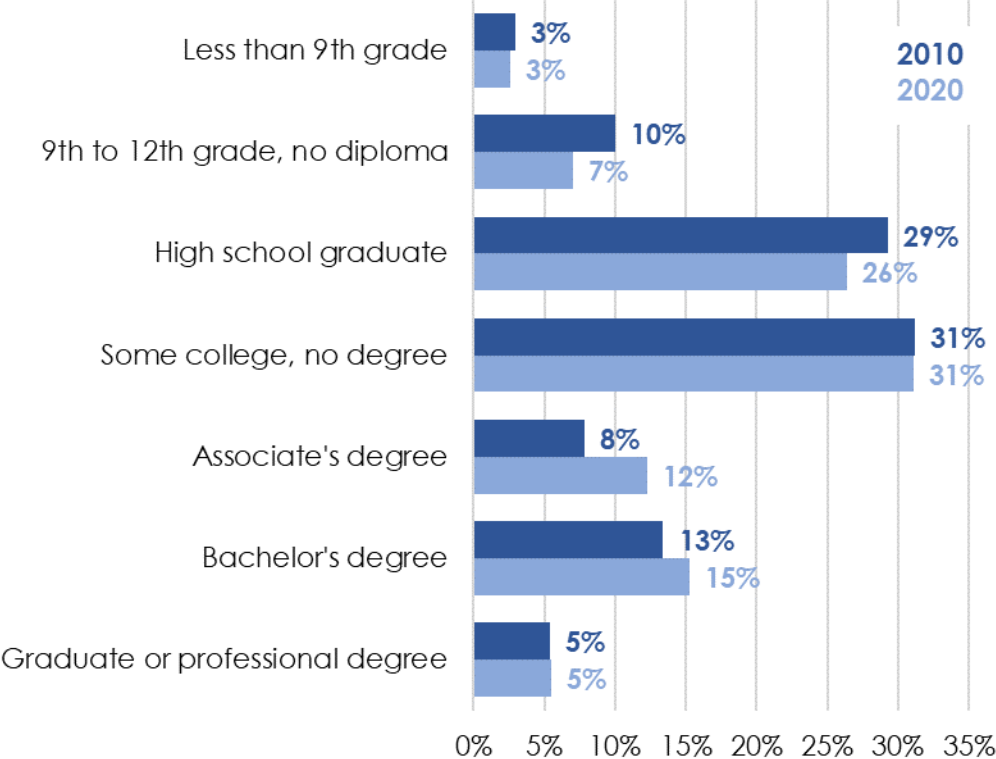


Sources: U.S. Census Bureau American Community Survey 5-Year Estimates, 2023; Federal Reserve Bank of St. Louis, Gross Domestic Product Implicit Price Deflator, 2023; Community Attributes Inc., 2023.

**Educational attainment levels vary in Monroe, with one-fifth of the population attaining a college degree or higher.**

Almost two-thirds of city residents in Monroe hold college degrees and/or have completed some college (**Exhibit 7**). Between 2010-2020, the number of residents with an Associate’s degree or a Bachelor’s degree rose. Meanwhile, the number of residents with no more than a high school diploma or some high school education with no diploma declined. These figures indicate an increasing level of educational attainment among Monroe residents.

**Exhibit 7. Education Level, City of Monroe, 2010 and 2020**



Sources: U.S. Census Bureau American Community Survey 5-Year Estimates, 2022; Community Attributes Inc., 2022.

## Place of Origin and Language Spoken

Monroe's foreign-born population has increased as a proportion of total population since 2010, when an estimated 9% of the population were foreign-born. As of 2020, 11% of Monroe's population was foreign-born, which was 6% lower than the countywide proportion of foreign-born residents. Monroe's foreign-born population growth from 2010 in 2020 slightly outpaced the growth seen throughout Snohomish County, with a compound annual growth rate of 4.3% compared to the county's 3.9%.<sup>3</sup>

Since 2010, Monroe has also seen an increase in the percentage of the population (5-years and older) that does not primarily speak English at home, from 15% to 18% in 2020. Snohomish County has experienced a similar trend, seeing the percentage of the population that does not primarily speak English at home rise from 18% in 2010 to 22% in 2020. As of 2020, the most prevalent non-English languages being spoken at home among Monroe's population five years or older are Asian and Pacific Islander languages (7%), Spanish (6%), and other Indo-European languages (4%). The share of primary Spanish speakers saw a 4% decrease since 2010, while Asian and Pacific Islander languages increased by 4% and other Indo-European languages saw a 2% increase.<sup>4</sup>

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<sup>3</sup> U.S. Census Bureau American Community Survey 5-year Estimates, 2022.

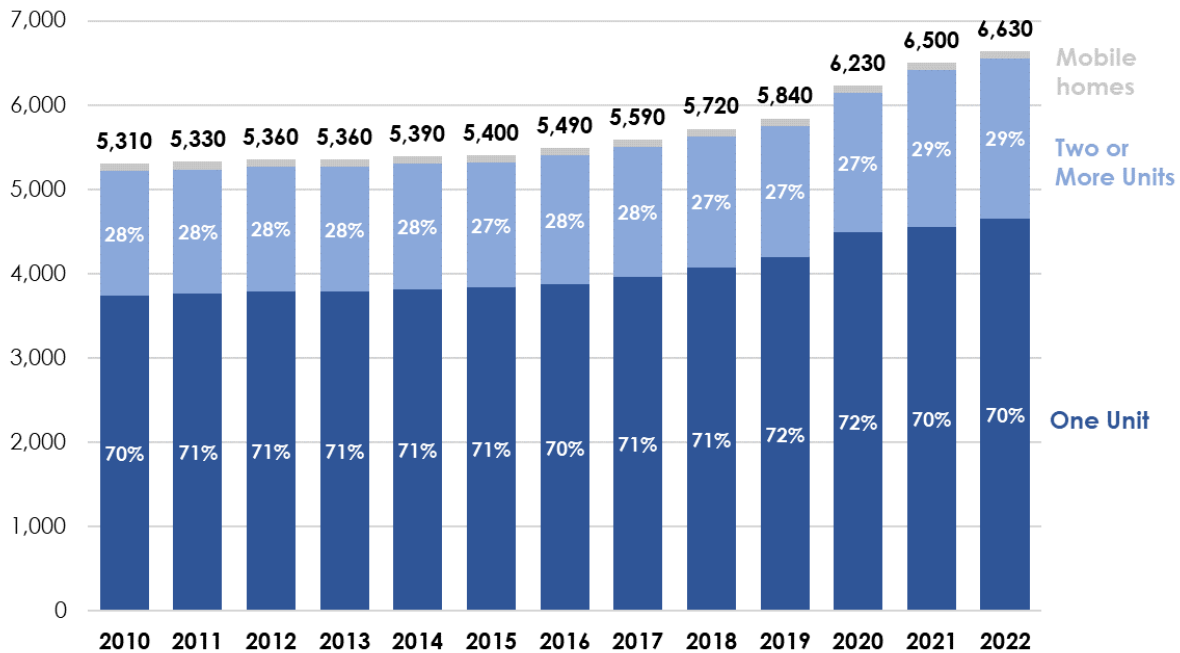
<sup>4</sup> U.S. Census Bureau American Community Survey 5-year Estimates, 2022.

## Housing Characteristics

**Monroe’s housing market continues to be predominately one-unit detached housing.**

Monroe added about 1,300 housing units between 2010 and 2022 (**Exhibit 8**). The city’s housing grew at a faster rate between 2000 and 2007 when the city had a housing “boom” following the completion of the State Route 522 (SR-522) interchange, adding between 100-200 houses annually.

**Exhibit 8. Housing Units by Type, City of Monroe, 2010 to 2022**



Sources: Washington State Office of Financial Management, 2022; Community Attributes Inc., 2022.

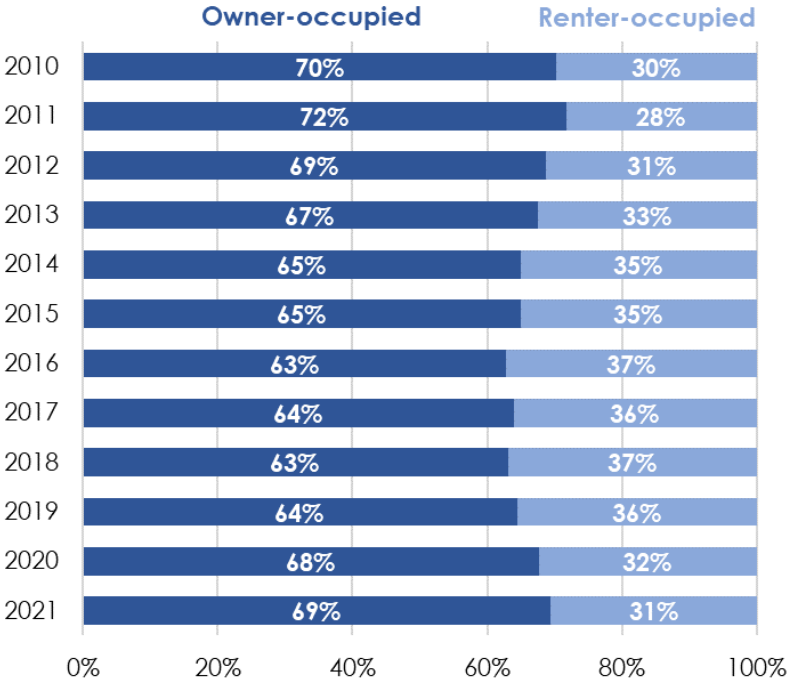
NOTE: This data is slightly different from Snohomish County provided data because this data has been adjusted for inflation using the FRED GDP Deflator

Since 2010, approximately 70% of Monroe’s housing supply has consisted of one-unit dwellings, while 27-29% of the housing supply represents two- or more unit dwellings. The remainder of Monroe’s housing units are mobile homes or special housing units (**Exhibit 8**).

**Monroe’s housing is primarily owner-occupied, but the share of renter-occupied households showed growth until 2020.**

About two-thirds of Monroe residents owned their own homes, and one-third were renter households in 2021 (**Exhibit 9**). The share of owner-occupied housing decreased by 6% between 2010-2020, while rental households increased by that same rate during that period. The share of renter-occupied households decreased in 2021 to 32%.

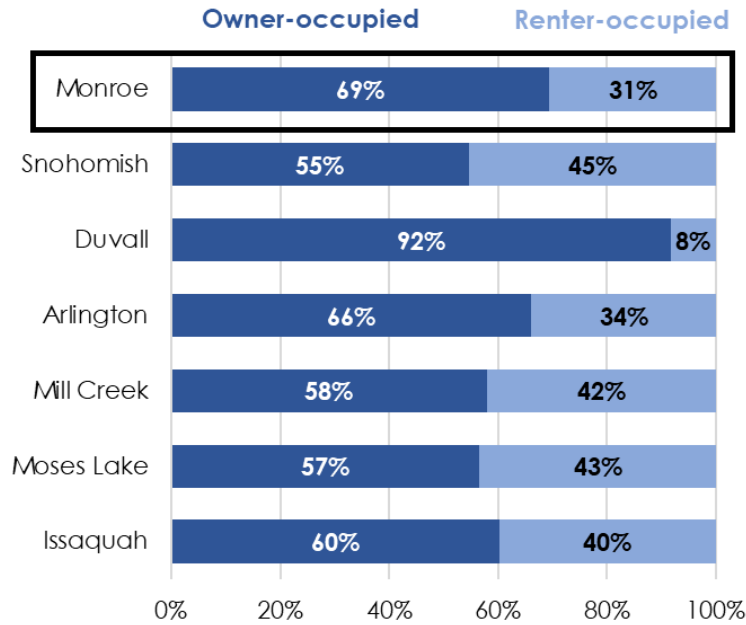
**Exhibit 9. Housing Tenure, City of Monroe, 2010 to 2021**



Sources: U.S. Census Bureau American Community Survey 5-Year Estimates, 2022; Community Attributes Inc., 2022.

Except for Duvall, Monroe has a higher rate of owner-occupied units than its comparison cities. The City of Snohomish has the lowest rate of home ownership (55%), followed by Moses Lake (57%), Mill Creek (58%), and Issaquah (60%) (Exhibit 10).

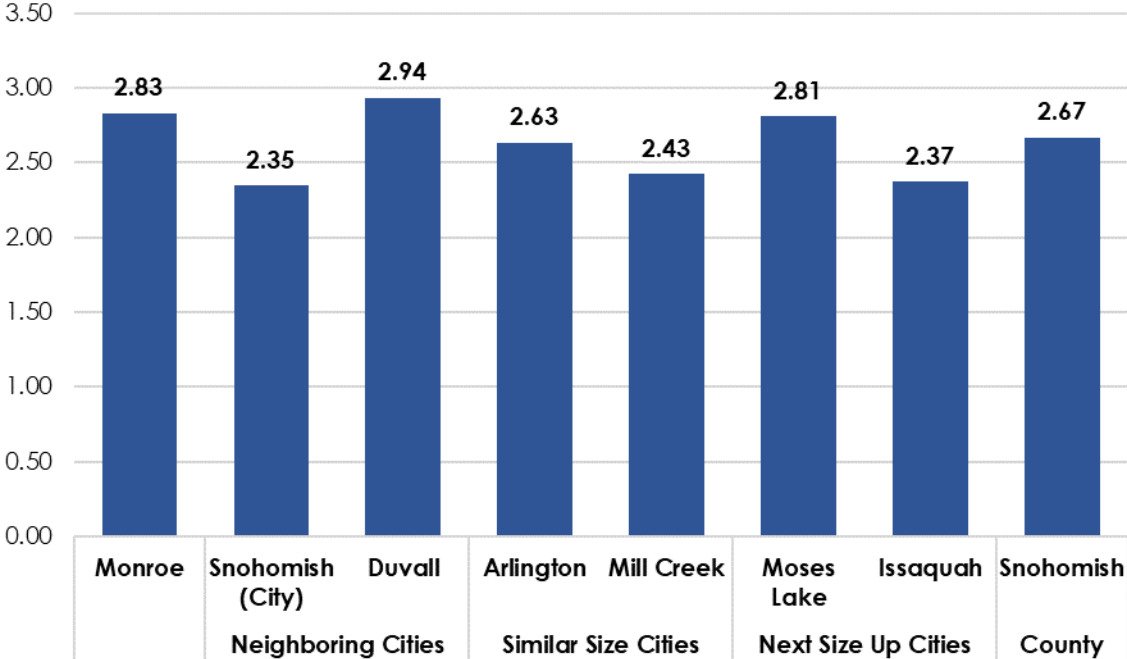
**Exhibit 10. Housing Tenure, City of Monroe and Comparison Cities, 2021**



Sources: U.S. Census Bureau American Community Survey 5-Year Estimates, 2022; Community Attributes Inc., 2022.

The average household size in Monroe was 2.83 in 2021. This was among the highest household size for comparison cities. Only Duvall had an average household size larger than Monroe, at 2.94 (**Exhibit 11**).

**Exhibit 11. Household Size, Monroe and Comparison Cities, 2020**

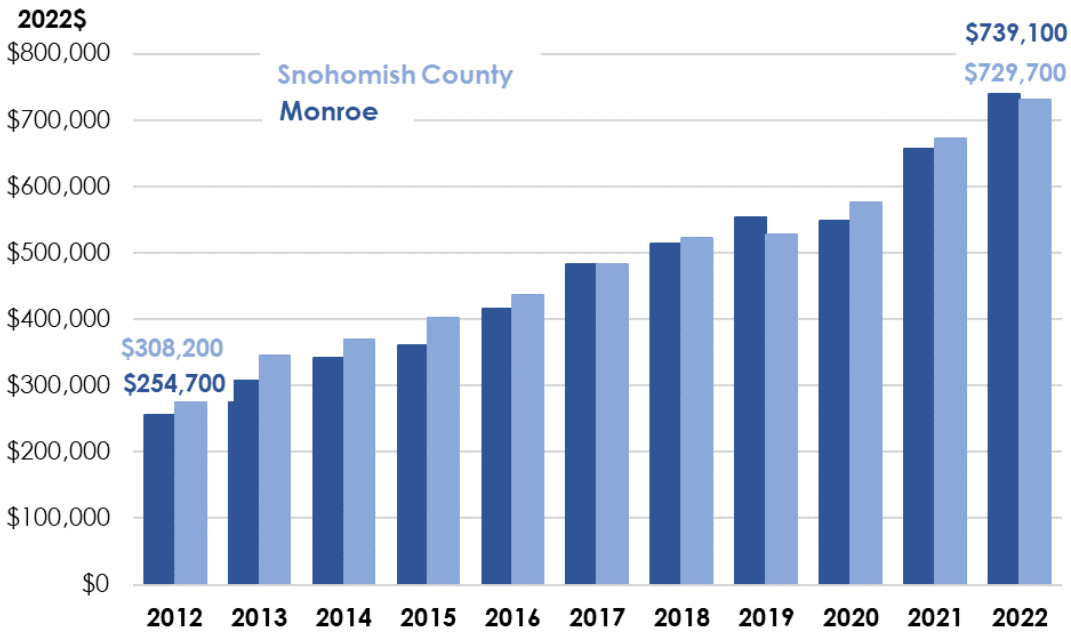


Sources: U.S. Census Bureau American Community Survey 5-Year Estimates, 2022; Community Attributes Inc., 2022.

**Monroe’s housing costs are rising in line with county trends.**

House prices in Monroe have been on the rise since at least 2012, with a slight dip in 2020 (**Exhibit 12**). Median home prices have increased by nearly \$470,000 between 2012-2022. In that same period, home prices increased by nearly \$415,000 in Snohomish County. Although Monroe’s median home prices were lower than Snohomish County’s in 2012, by 2022, they had increased to nearly \$1,500 higher per home.

**Exhibit 12. Median Home Sale Price, City of Monroe and Snohomish County, 2012 to 2022, Real 2022 Dollars**



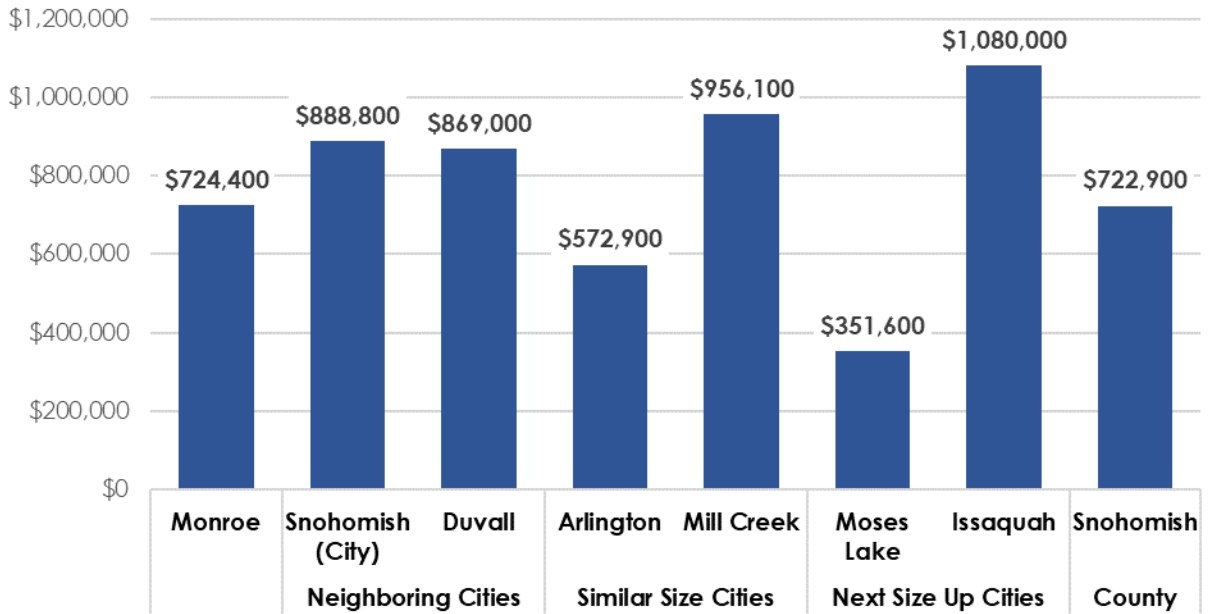
Sources: Redfin, 2022; Community Attributes Inc., 2022.



Among comparison cities, Monroe’s median sale price of homes was the third lowest (**Exhibit 13**). Issaquah (\$1,080,000) experienced the highest median sale prices, followed by Mill Creek (\$956,100), Snohomish (\$888,800), Duvall (\$869,000), and Monroe (\$724,400).

**Exhibit 13. Median Sale Price, City of Monroe and Comparison Cities, 2022, Real 2022 Dollars**

**Median Sale Price (2022\$)**

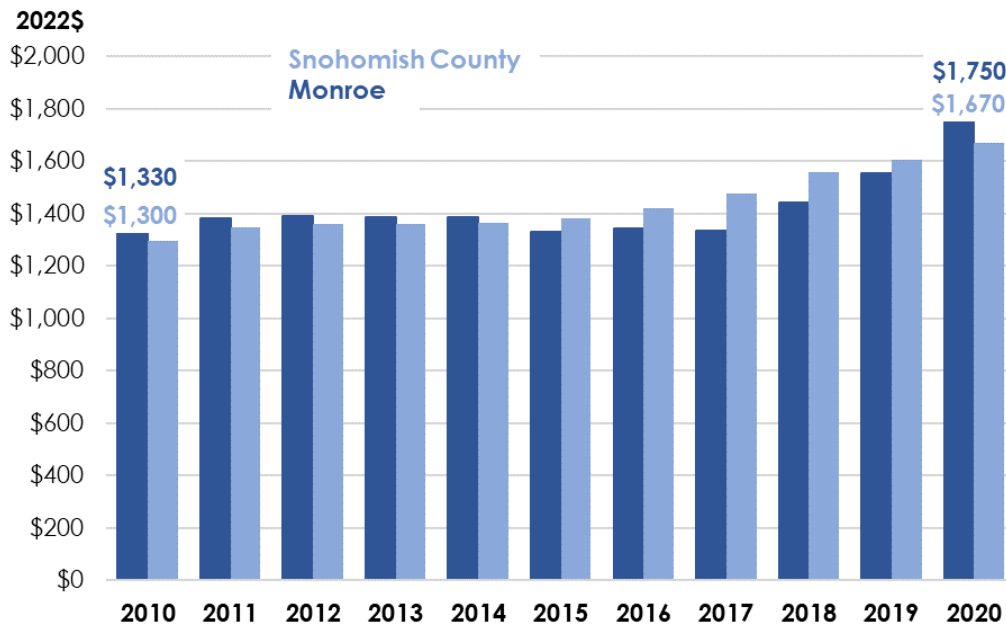


Sources: Redfin, 2022; Community Attributes Inc., 2022.

**Monroe renters face steady housing cost increases exceeding Snohomish County rates.**

Median rent in Monroe increased from \$1,330 to \$1,750 from 2010 to 2020, a \$420 increase (Exhibit 14), in real 2022 dollars. In that period, Snohomish County median rent increased from \$1,300 to \$1,670, a \$370 increase. The median rental price in 2020 was about \$100 more per month in the city than across the county.

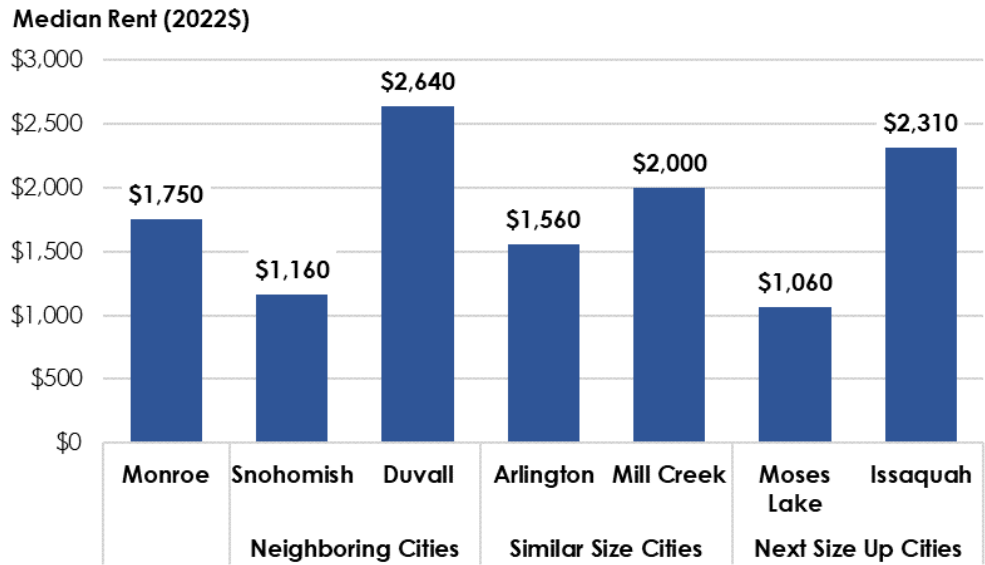
**Exhibit 14. Median Rent, City of Monroe and Snohomish County, 2010 to 2020, Real 2022 Dollars**



Sources: U.S. Census Bureau American Community Survey 5-Year Estimates, 2022; Community Attributes Inc., 2022.

Monroe’s 2020 median rent of \$1,750 a month remained near the midpoint of rents for comparison cities. Duvall (\$2,640) experienced the highest median rent in 2020 among comparison cities, while Moses Lake (\$1,060) experienced the lowest median rent (**Exhibit 15**).

**Exhibit 15. Median Rent, City of Monroe and Comparison Cities, 2020, Real 2022 Dollars**

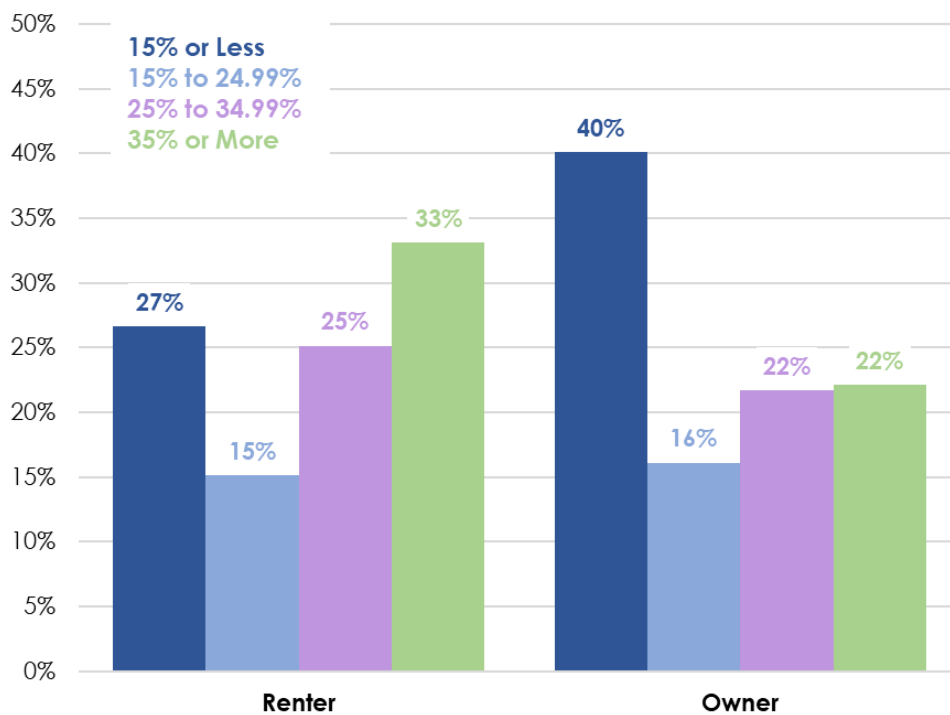


Sources: U.S. Census Bureau American Community Survey 5-Year Estimates, 2022; Community Attributes Inc., 2022.

**A significant portion of Monroe renters are cost burdened.**

The Federal Department of Housing and Urban Development (HUD) defines cost-burdened households as those who pay “more than 30% of their income for housing,” which may lead to difficulty “affording necessities such as food, clothing, transportation, and medical care.” In 2020, a higher proportion of cost-burdened Monroe residents were renter-occupied households (**Exhibit 16**). One third of these households spent 35% or more of their income on housing, while one quarter of these households spent 25-34.99% of their income on housing. For owner-occupied households, one-third spent 25-34.99% of their income on housing while the other portion spent 25% or more in 2020.

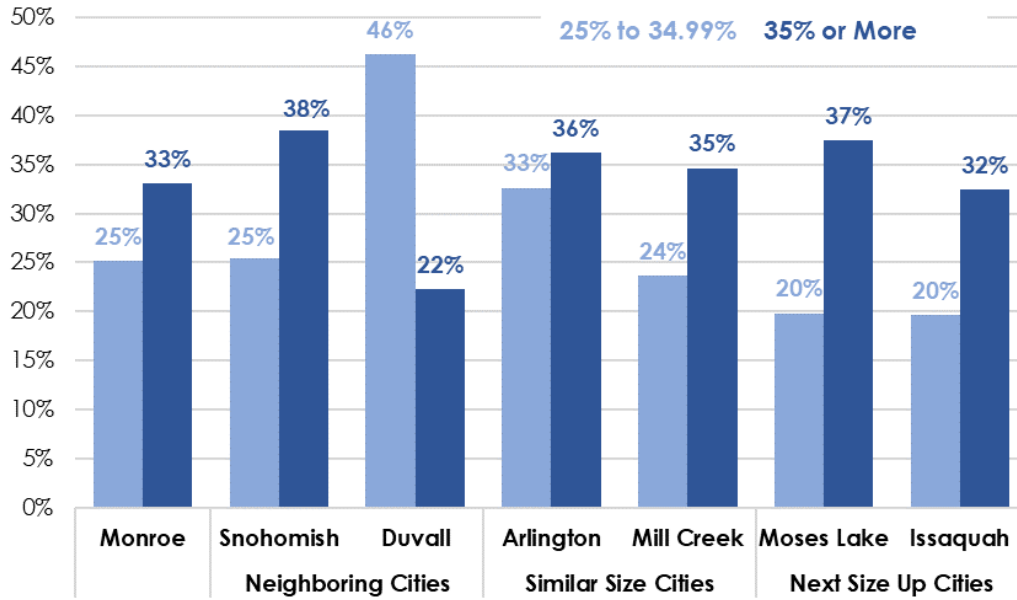
**Exhibit 16. Percentage of Household Income Spent on Housing by Owner and Renter Households, City of Monroe, 2020**



Sources: U.S. Census Bureau American Community Survey 5-Year Estimates, 2022; Community Attributes Inc., 2022.

The proportion of Monroe’s renting households paying more than 35% of household income was slightly lower than the levels experienced in the similar size and next size up comparison cities in 2020 (except Duvall and Issaquah). The percentage of households paying 25% to 34.99% of household income for housing was lower for all but Duvall and Arlington of those cities (**Exhibit 17**).

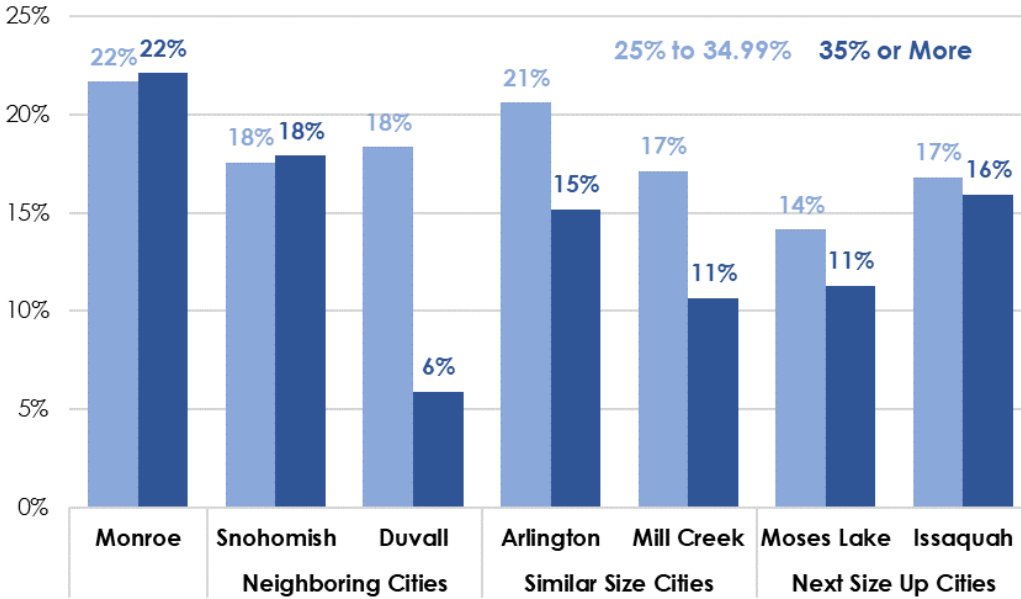
**Exhibit 17. Percentage of Monthly Renter Household Income Spent on Housing, City of Monroe and Comparison Cities, 2020**



Sources: U.S. Census Bureau American Community Survey 5-Year Estimates, 2022; Community Attributes Inc., 2022.

Monroe’s owner-occupied households paying 35% or more of household income on housing was higher than all comparison cities in 2020 (**Exhibit 18**).

**Exhibit 18. Percentage of Monthly Owner Household Income Spent on Housing, City of Monroe and Comparison Cities, 2020**



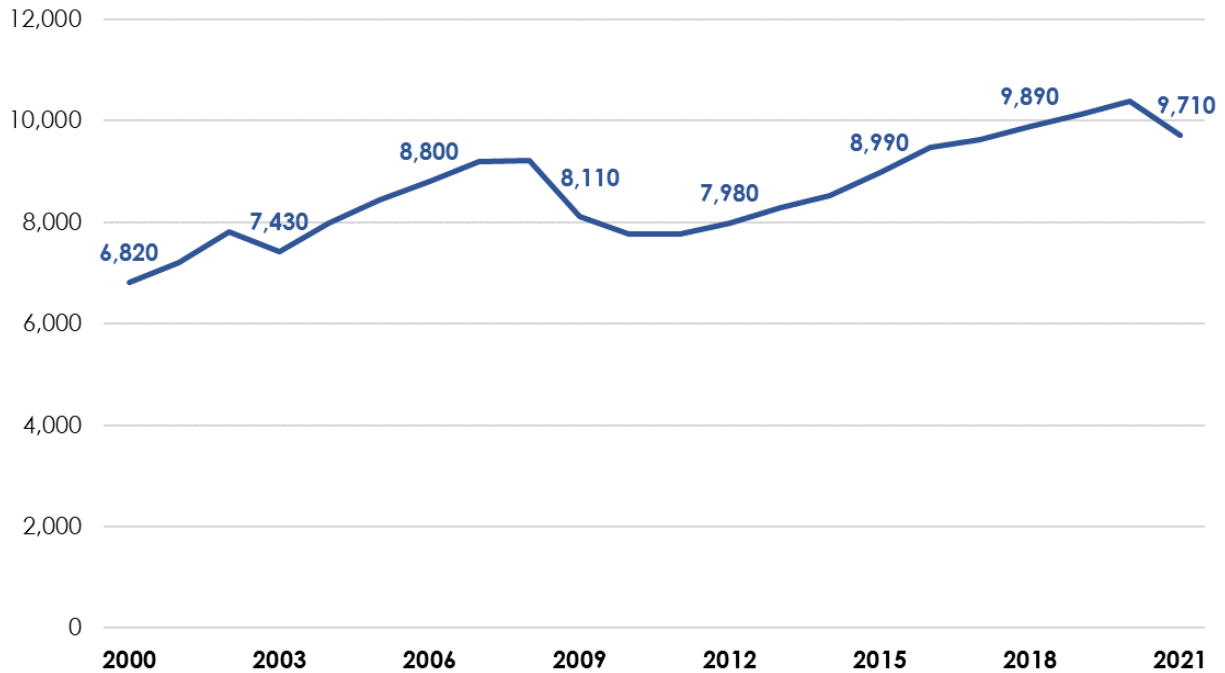
Sources: U.S. Census Bureau American Community Survey 5-Year Estimates, 2022; Community Attributes Inc., 2022.

## Economy and Industry

Employment in Monroe has steadily increased over the last two decades.

Employment in the City of Monroe increased by nearly 3,000 jobs between 2000 and 2021 (**Exhibit 19**). Employment levels experienced a period of stagnation following the Great Recession between 2009 and 2013 but have continued to steadily increase since, with a slight drop in 2021.

**Exhibit 19. Employment, City of Monroe, 2000 – 2021**



Sources: Puget Sound Regional Council, 2022; Community Attributes Inc., 2022.

According to the Snohomish Countywide Planning Policies, employment in the City of Monroe is projected to reach 12,420 by 2044. The Monroe UGA is projected to see similar growth rates to the City of Monroe. The adopted Snohomish Countywide Planning Policies project 2044 employment for the Monroe UGA at 12,660(Exhibit 20)

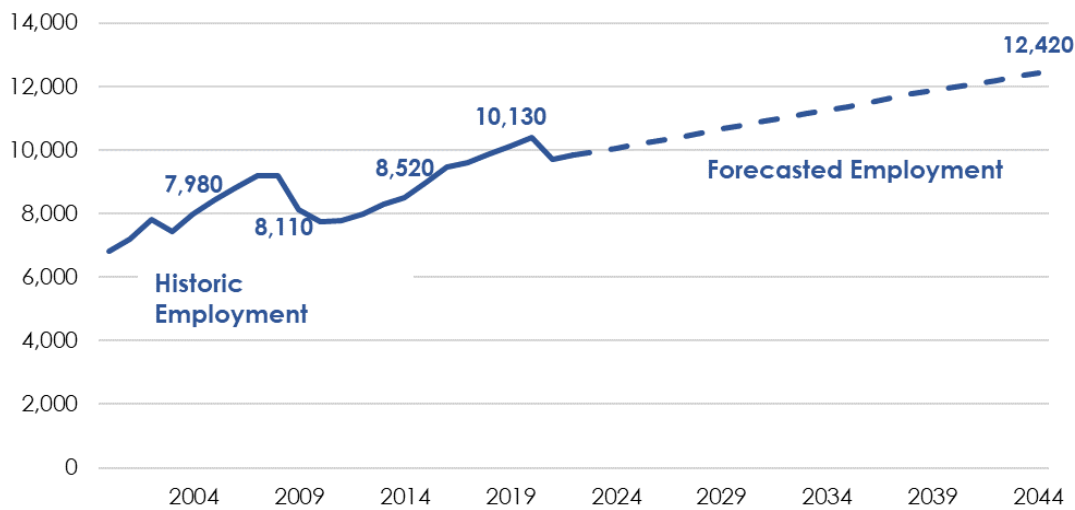
**Exhibit 20. Countywide Planning Policy Growth Allocations, City of Monroe and UGA, 2019-2044**

	City	UGA
2019	10,096	10,260
2044	12,420	12,660
2019-2044	2,324	2,400
CAGR	0.8%	0.8%

Sources: PSRC, 2022; Snohomish County, 2021; Community Attributes Inc., 2022.

Between 2021 and 2044 employment is projected to grow at 1.1% annually. Overall employment declined between 2020 and 2021. However, prior to the pandemic, the city experienced overall employment growth of 3.0% annually between 2015 and 2019 and 2.2% annually between 2009 and 2019 (Exhibit 21).

**Exhibit 21. Historic and Forecasted Employment, City of Monroe, 2000-2044**



Sources: PSRC, 2022; Snohomish County, 2021; Community Attributes Inc., 2022.

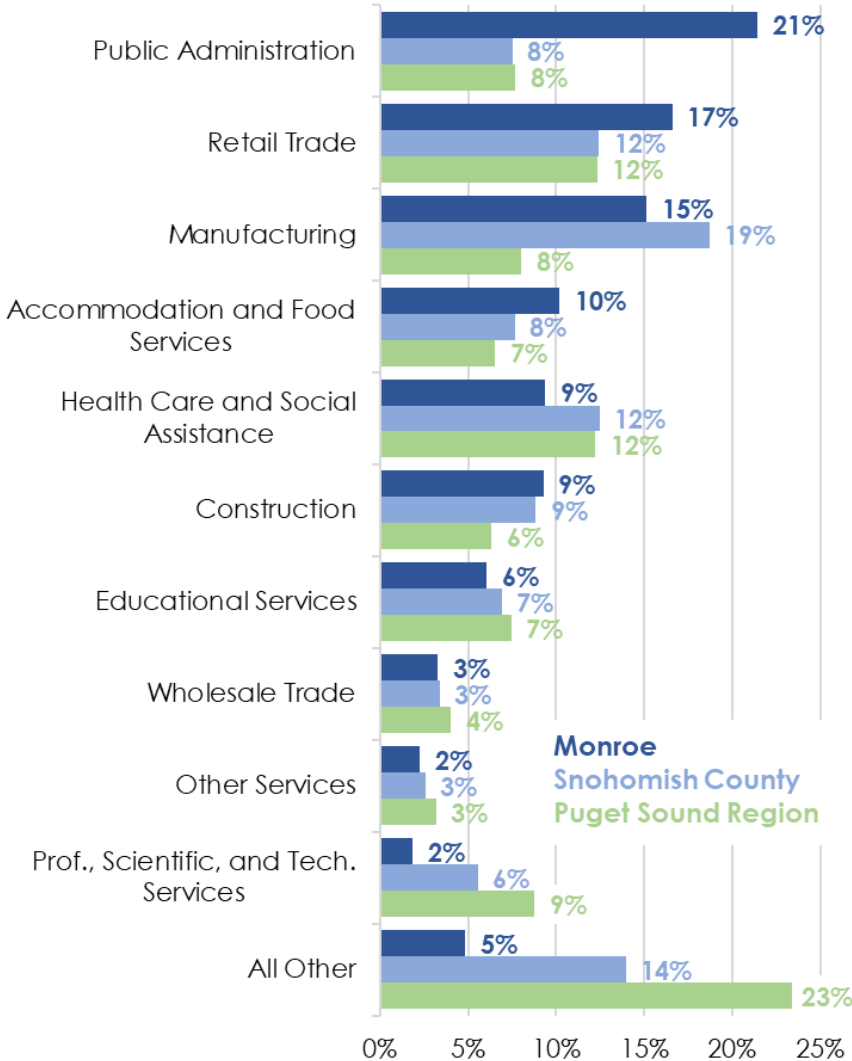
Note: Forecasted employment is based on total 2044 projected employment from the Snohomish Countywide Planning Policies and PSRC Regional Growth projections.



**Monroe’s largest sector, public administration, represents a significantly higher proportion of citywide employment compared to the County or region’s share of employment by industry.**

As of 2021, Monroe’s largest industries included public administration (2,080 jobs), retail trade (1,610 jobs), and manufacturing (1,470 jobs), which represented more than 50% of Monroe’s total employment. Public administration includes government or public sector employment excluding education employment. Public administration captures Washington Department of Corrections employment in Monroe. The city enjoyed a higher share of employment in the public administration and retail trade sectors than the County and region, but a lower share in manufacturing. Other significant industries within Monroe include accommodation and food services (10%), healthcare and social assistance (9%), and construction (9%), which represented an additional 28% of Monroe employment in 2021 (Exhibit 22).

**Exhibit 22. Employment by Industry, City of Monroe, Snohomish County and Puget Sound Region, 2021**

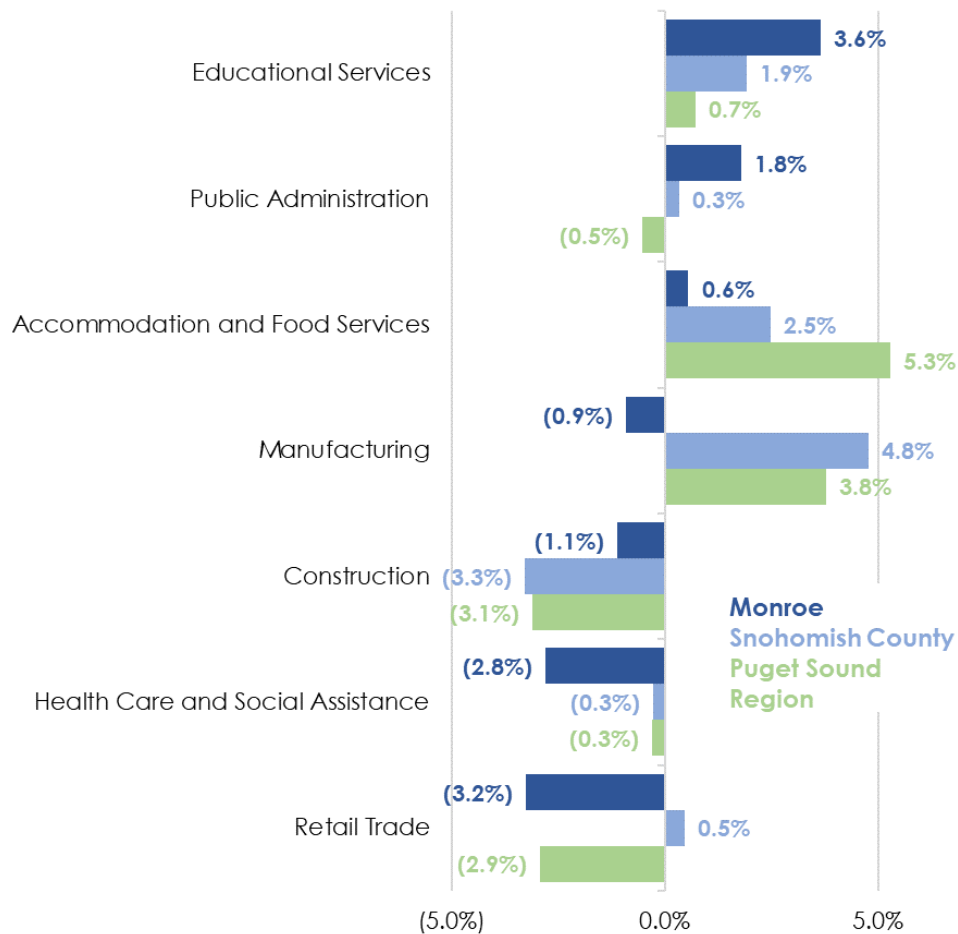


Sources: Puget Sound Regional Council, 2022; Community Attributes Inc., 2022.

**Employment in Monroe’s educational services sector saw the highest annual growth from 2016 to 2021, while healthcare and retail trade experienced the greatest annual decline.**

**Exhibit 23 23** presents the compound annual growth rates (CAGRs) for Monroe sectors with more than 500 jobs. Since 2016, the educational services industry has seen the highest annual growth, with a rate of nearly 4%. The educational services industry in Monroe experienced greater growth than Snohomish County and the Puget Sound Region’s educational services industries, which experienced growth rates of 1.9% and 0.7%, respectively. Health care and social assistance (-2.8%) and retail trade (-3.2%) have seen the greatest annual decline since 2016. Each of these rates are greater than the Snohomish County and Puget Sound region counterparts.

**Exhibit 23. Employment Change by Industry (CAGRs), City of Monroe, Snohomish County and Puget Sound Region, 2016 – 2021**



Sources: Puget Sound Regional Council, 2022; Community Attributes Inc., 2022.

Warehousing, Transportation and Utilities (WTU) industry employment and Retail industry employment have growth at 5.7% and 3.3% annually between 2016 and 2021. However, Education, Government and Finance, Insurance and Real Estate (FIRE) have declined. Overall, employment in Monroe is projected to grow at 1.1% annually between 2021 and 2044, with Services and Retail employment projected to see the largest annual increases, as well as the largest overall increases in employment over this forecast period (Exhibit 24).

**Exhibit 24. Historic and Forecasted Employment by Industry, 2016, 2021, and 2044**

Industry	Employment			CAGR	
	2016	2021	2044	2016-2021	2021-2044
Services	2,540	2,640	4,070	0.8%	1.9%
Government	2,280	2,080	2,270	(1.8%)	0.4%
Retail	1,370	1,610	2,330	3.3%	1.6%
Manufacturing	1,400	1,470	1,400	1.0%	(0.2%)
Const & Resources	840	920	1,080	1.8%	0.7%
Education	600	470	620	(4.8%)	1.2%
WTU	250	330	410	5.7%	0.9%
FIRE	200	190	240	(1.0%)	1.0%
<b>Total</b>	<b>9,470</b>	<b>9,710</b>	<b>12,420</b>	<b>0.5%</b>	<b>1.1%</b>

Sources: PSRC, 2022; Snohomish County, 2021; Community Attributes Inc., 2022.

Note: Forecasts by industry are based on historic employment data by industry for the City of Monroe from PSRC, as well as regional projected industry growth rates from the PSRC Regional Growth Forecasts.

**A majority of Monroe residents commute away from the city to work. However, the top city of origin for Monroe workers is Monroe itself.**

**Exhibit 25** presents commuting trends for Monroe residents and job holders. A majority of Monroe residents commute out of the city for work, with only 12% of its population working within the city. The City of Seattle receives the largest single percentage of Monroe residents commuting for work, where an estimated 14% of Monroe residents commute. **Exhibit 26** further shows the work destinations of Monroe’s working residents. This map shows that a large percentage of Monroe’s residents commute to work in Eastside communities along major roads such as I-5 and I-405, and I-90.

**Exhibit 27** shows the home origins of Monroe’s workers. This map shows that Monroe’s labor-shed tends to draw from smaller communities near Monroe, often to the north and east of the city. The top city of origin for Monroe workers is Monroe itself. Overall, 12% of workers in Monroe also live in Monroe (**Exhibit 25**). Following that, Marysville, the City of Snohomish, and Kirkland represent the next cities with the largest proportion of workers commuting to Monroe. In total, nearly 16% of people working in Monroe live in either Marysville (6%), City of Snohomish (6%), or Kirkland (4%).

**Exhibit 25. Where Monroe Workers Live and Where Monroe Residents Work, City of Monroe, 2021**

Where Workers Live		Where Residents Work	
<b>Monroe</b>	<b>12.1%</b>	Seattle	14.2%
Marysville	6.1%	<b>Monroe</b>	<b>12.0%</b>
Snohomish	5.6%	Everett	8.3%
Kirkland	3.8%	Redmond	8.1%
Bothell	2.6%	Bellevue	7.4%
Gold Bar	2.2%	Kirkland	4.9%
Everett	1.9%	Bothell	3.9%
Redmond	1.4%	Woodinville	2.3%
Seattle	1.2%	Lynnwood	1.9%
Issaquah	1.2%	Snohomish	1.6%
Arlington	1.1%	Renton	1.4%
Lynnwood	1.0%	Issaquah	1.3%
Sultan	0.6%	Kent	1.3%
Kent	0.6%	Marysville	1.0%
Lake Stevens	0.5%	Tukwila	1.0%
All Other	58.0%	All Other	29.3%

Sources: U.S. Census Bureau OnTheMap, 2024; Community Attributes Inc., 2024.

**Exhibit 26. Where Monroe Residents Work, City of Monroe, 2021**

*Sources: U.S. Census Bureau OnTheMap, 2024; Community Attributes Inc., 2024.*

**Exhibit 27. Where Monroe Workers Live, City of Monroe, 2021**

*Sources: U.S. Census Bureau OnTheMap, 2024; Community Attributes Inc., 2024.*

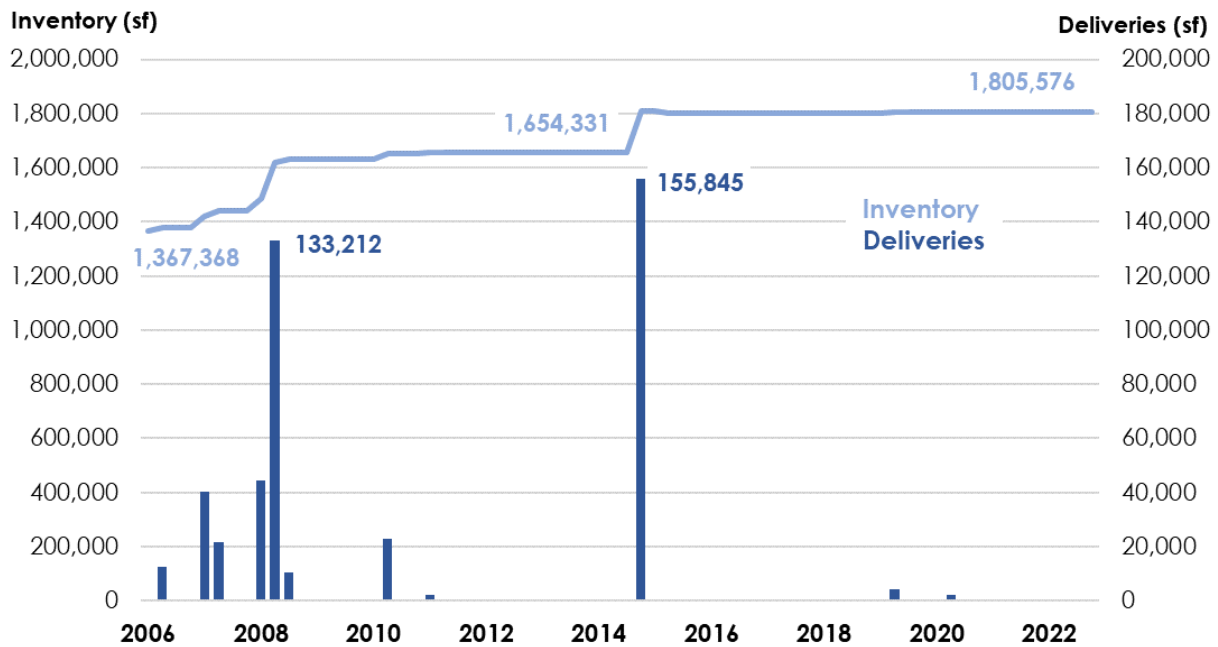
# MARKET ANALYSIS

## Inventory & Deliveries

Retail space has increased since 2008, creating more opportunities for economic development.

Monroe’s retail market has seen two large deliveries since 2006, each adding between 130,000 square feet (sf) and 160,000 sf of retail space. As a result, retail inventory has remained between 1,600,000 sf and 1,800,000 sf since 2008 (**Exhibit 28**).

**Exhibit 28. Retail Inventory and Deliveries, Monroe, 2006 – 2022 (quarterly)**

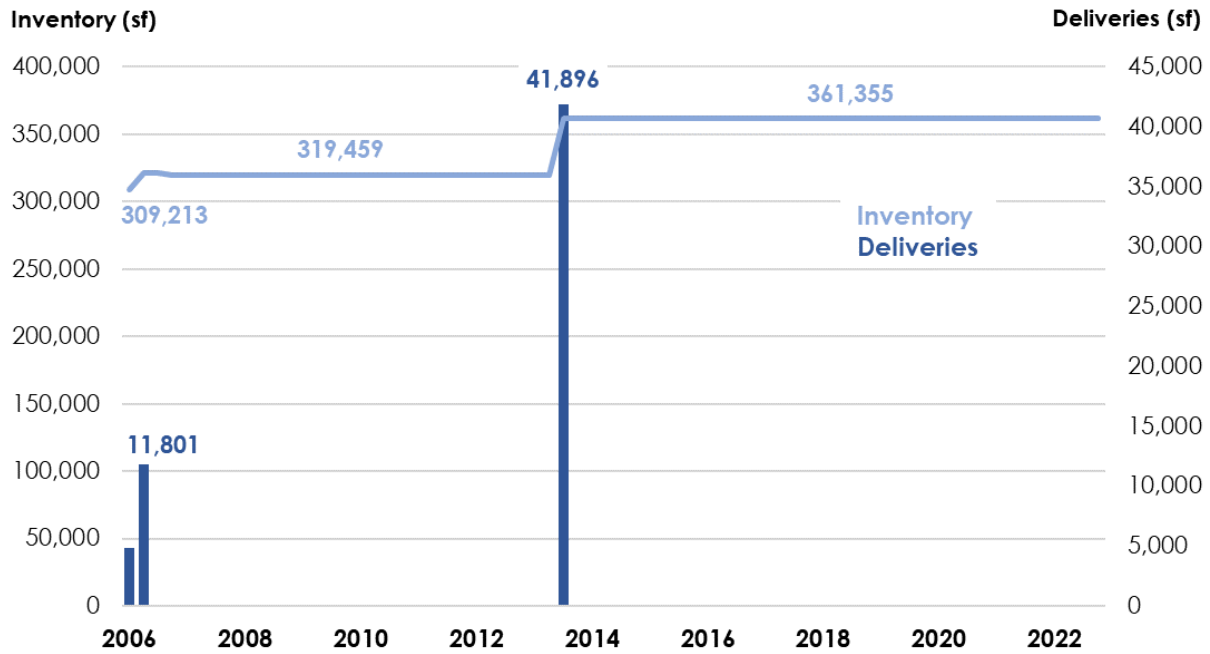


Sources: CoStar, 2022; Community Attributes Inc., 2022.

**Monroe’s office inventory has remained steady since 2006.**

Monroe’s office inventory has remained steady since 2013 following the delivery of 42,000 sf of medical office space by Providence Health Group. Since quarter 4 of 2013, Monroe’s office inventory has remained at 361,355 sf (**Exhibit 29**).

**Exhibit 29. Office Inventory and Deliveries, Monroe, 2006 – 2022 (quarterly)**



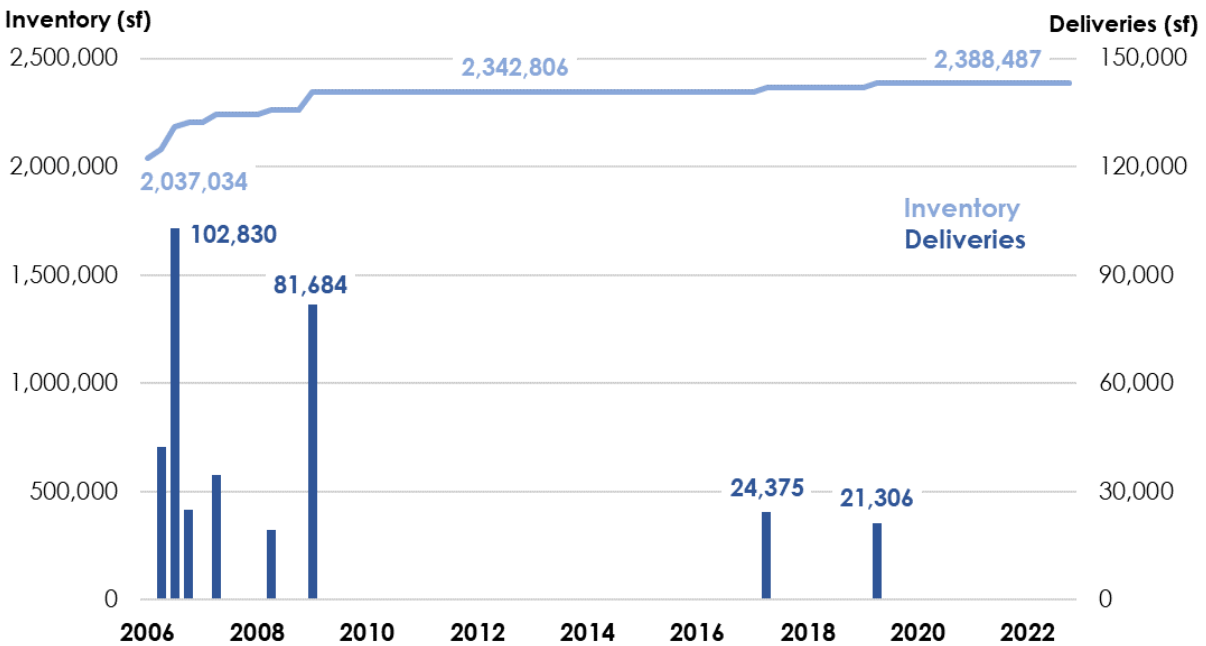
Sources: CoStar, 2022; Community Attributes Inc., 2022.



**Industrial space inventory has remained relatively steady since 2009.**

Monroe has seen 351,500 sf in industrial space deliveries since 2006. Nearly 90% of these deliveries came prior to 2010, while the latest deliveries totaling about 45,000 sf occurred in the second quarter of 2017 and 2019. As of the last delivery in 2019, total industrial square feet total nearly 2.39 million (**Exhibit 30**).

**Exhibit 30. Industrial Inventory and Deliveries, Monroe, 2006 – 2022 (quarterly)**



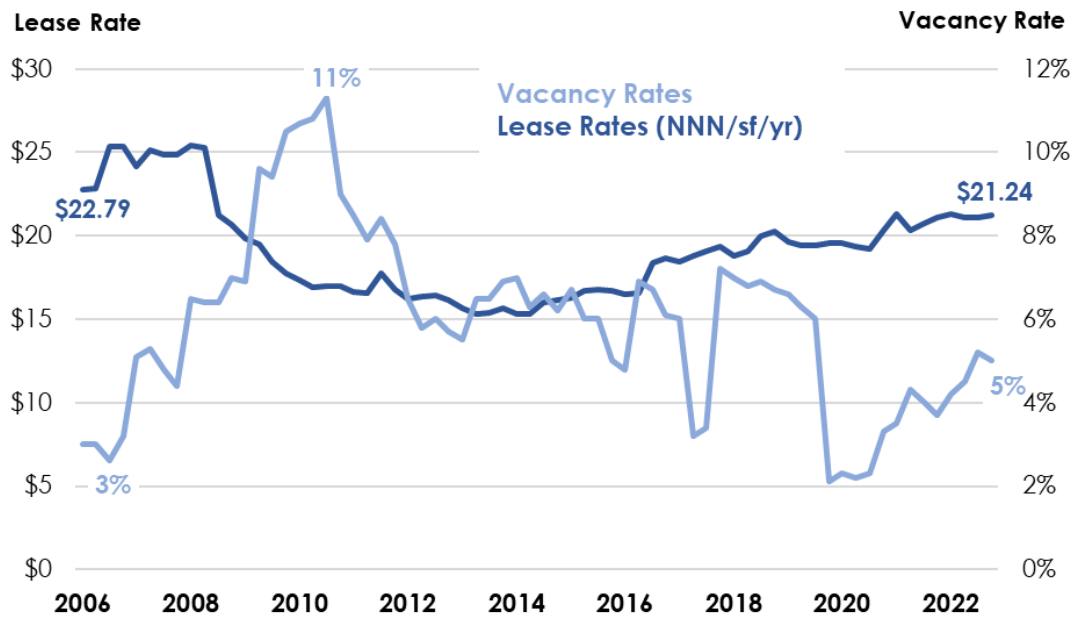
Sources: CoStar, 2022; Community Attributes Inc., 2022.

## Vacancy & Lease Rates

Retail lease rates have increased slowly since 2014, while vacancy rates have remained volatile.

**Exhibit 31** presents vacancy and lease rates for retail properties throughout Monroe. Retail vacancy rates steadily increased from 2006 to 2010, peaking at 11% in the third quarter of 2010. Following this peak, retail vacancies have typically remained near 5% or 6%. Meanwhile, retail lease rates saw a steady decline beginning in 2008 and extending through 2014. Since 2014, lease rates have increased steadily from about \$15 per sf per year to a present-day rate of more than \$21 per sf per year (**Exhibit 31**).

**Exhibit 31. Retail Vacancy and Lease Rates, Monroe, 2006 – 2022 (quarterly)**

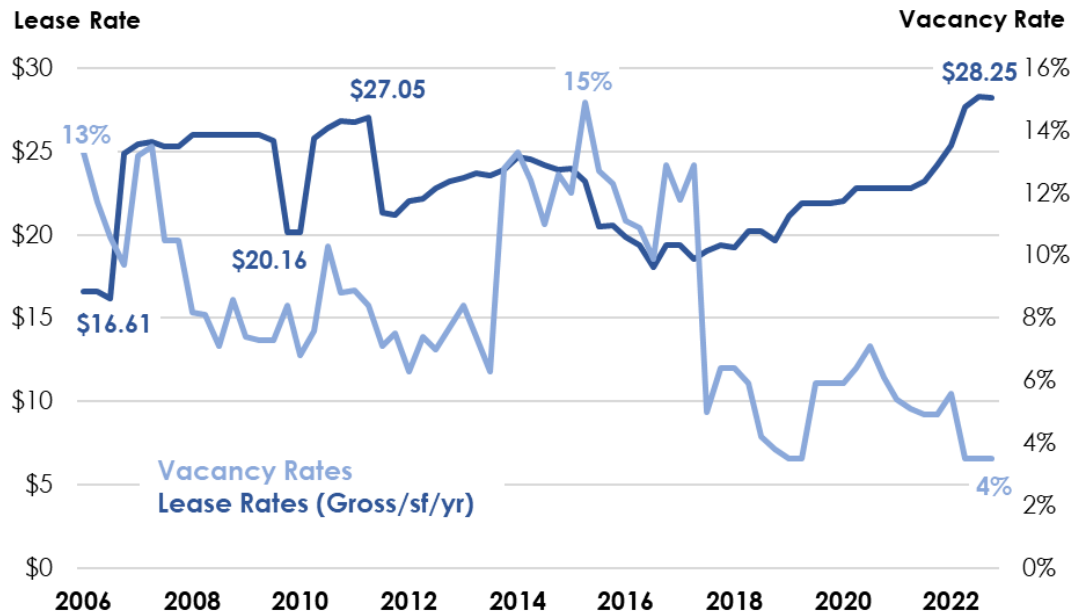


Sources: CoStar, 2022; Community Attributes Inc., 2022.

Since 2018, office lease rates have steadily risen while vacancy rates have declined.

Since 2017, office vacancy rates have remained below 8%, reaching lows of 4% in early 2019 and 2022. During this period, lease rates have steadily climbed, reaching a peak of more than \$28 per sf per year in the third and year to date fourth quarter of 2022. Prior to this increase, lease rates peaked at roughly \$27 per sf per year while vacancy rates remained near 9% (Exhibit 32).

**Exhibit 32. Office Vacancy and Lease Rates, Monroe, 2006 – 2022 (quarterly)**

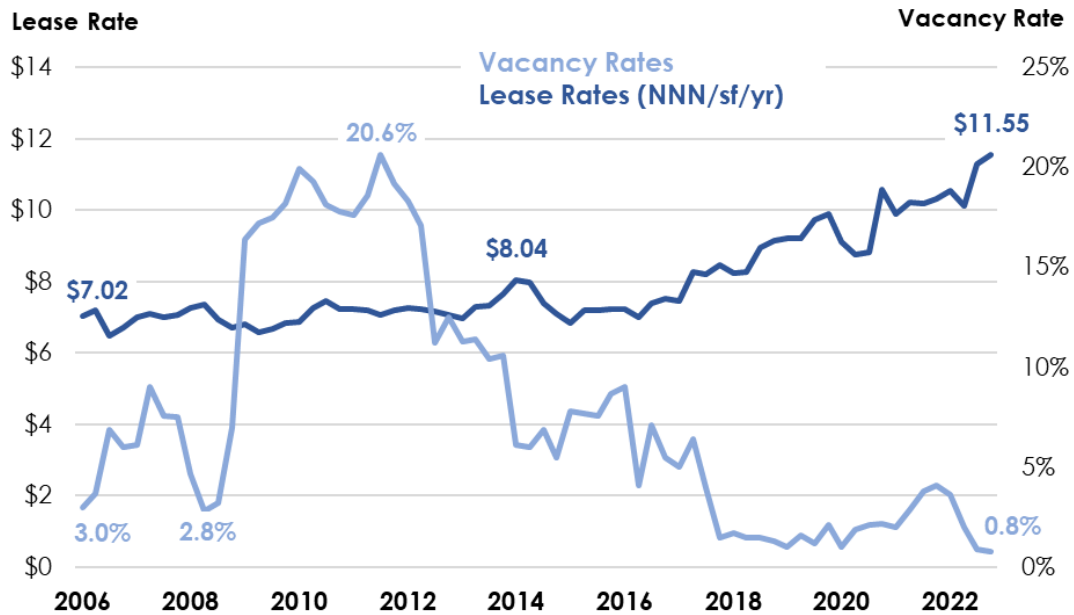


Sources: CoStar, 2022; Community Attributes Inc., 2022.

**Industrial lease rates have steadily increased since 2013, while vacancy rates have steadily decreased.**

**Exhibit 33** presents vacancy and lease rates for Monroe’s existing industrial developments. Since 2006, industrial vacancy rates have varied significantly, reaching greater than 20% for two quarters in the years following the Great Recession. Following 2011, vacancy rates declined relatively steadily to a 16 year low of 0.8% in 2022 Q4 year to date (YTD). Lease rates have risen relatively steadily since 2006, increasing from roughly \$7 per sf per year to \$11.55 per sf per year in 2022 Q4 YTD (**Exhibit 33**).

**Exhibit 33. Industrial Vacancy and Lease Rates, Monroe, 2006 – 2022 (quarterly)**



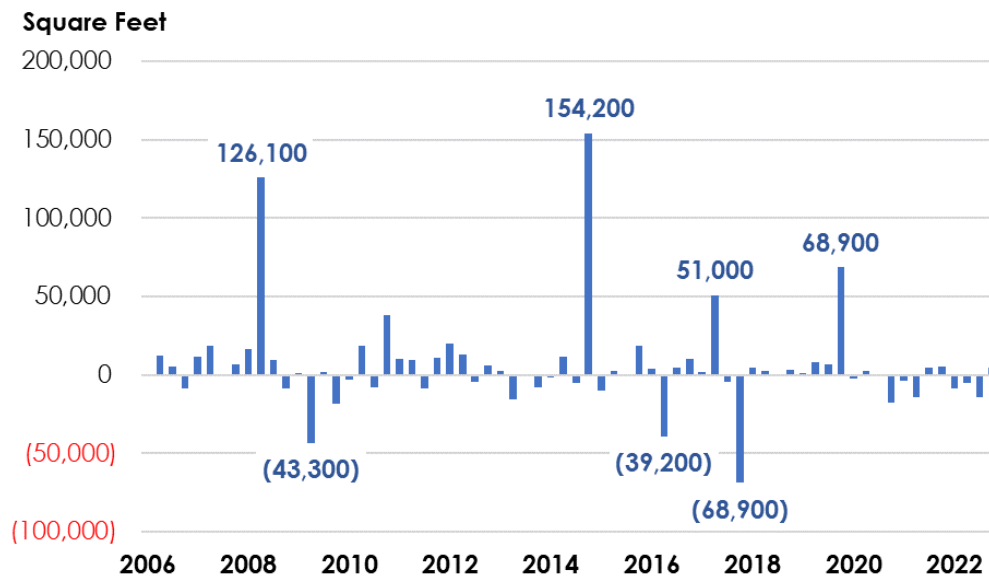
Sources: CoStar, 2022; Community Attributes Inc., 2022.

## Absorption

Absorption among Monroe’s retail, office, and industrial real estate markets has steadied out in recent years following decreasing vacancy rates and few deliveries.

Net retail absorption has generally been positive in Monroe since 2006, including large quantities of net absorption in 2008 and 2014, following large deliveries. Low vacancy, few deliveries, and low levels of net absorption suggest a stable retail market with some churn as old tenants move out and new tenants move in (Exhibit 34).

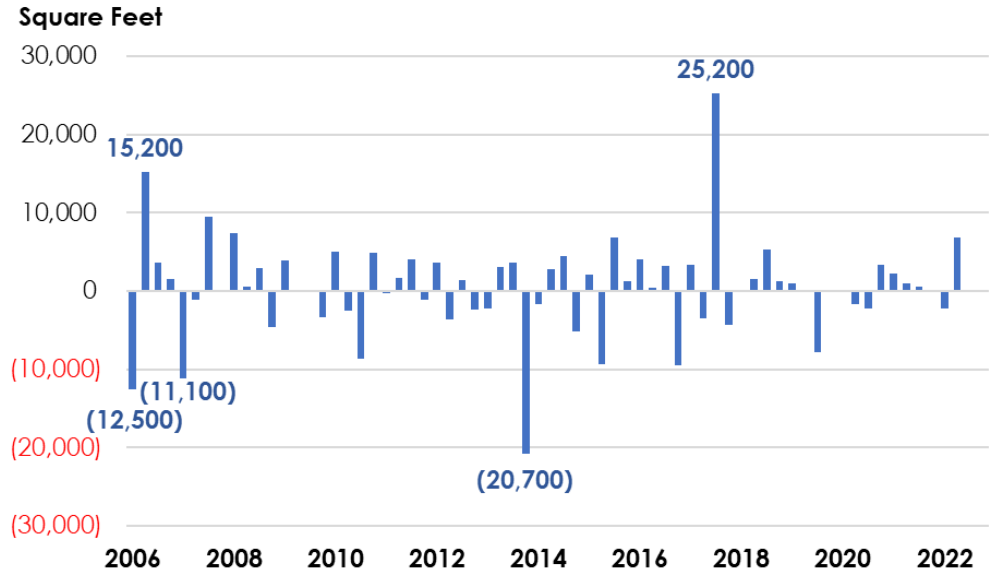
**Exhibit 34. Net Retail Absorption, Monroe, 2006 – 2022 (quarterly)**



Sources: CoStar, 2022; Community Attributes Inc., 2022.

Monroe’s office absorption, along with declining vacancy rates and no new deliveries, may indicate a stable office market. No large fluctuations in net absorption have occurred since 2017, with absorption suggesting typical churn expected in the market (Exhibit 35).

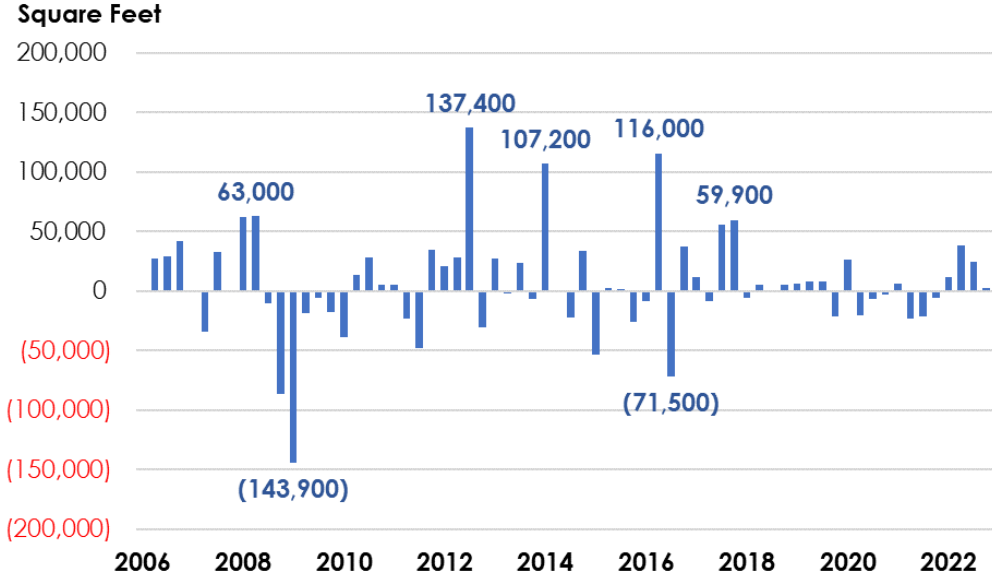
**Exhibit 35. Net Office Absorption, Monroe, 2006 – 2022 (quarterly)**



Sources: CoStar, 2022; Community Attributes Inc., 2022.

Monroe’s net industrial absorption has been primarily positive since 2012, which aligns with the significant decline in vacancy rates during this period. More consistent vacancy rates and lower levels of net absorption may suggest that Monroe’s industrial real estate market has become more stable since 2018 (Exhibit 36).

**Exhibit 36. Net Industrial Absorption, Monroe, 2006 – 2022 (quarterly)**



Sources: CoStar, 2022; Community Attributes Inc., 2022.

## EMPLOYMENT LANDS ANALYSIS

The amount, quality, location, and character of the City of Monroe’s land available for employment growth will strongly impact economic development outcomes in the near and mid-term. Comparing the supply of land with an estimate of demand in the context of recent market trends will provide Monroe with valuable insights upon which to base future policy and regulatory decisions shaping the city’s desired growth.

### Land Supply

**Snohomish County’s 2021 BLR showed 131.7 acres of buildable land available, with 3.8 acres of that in the Tourist Commercial zone.**

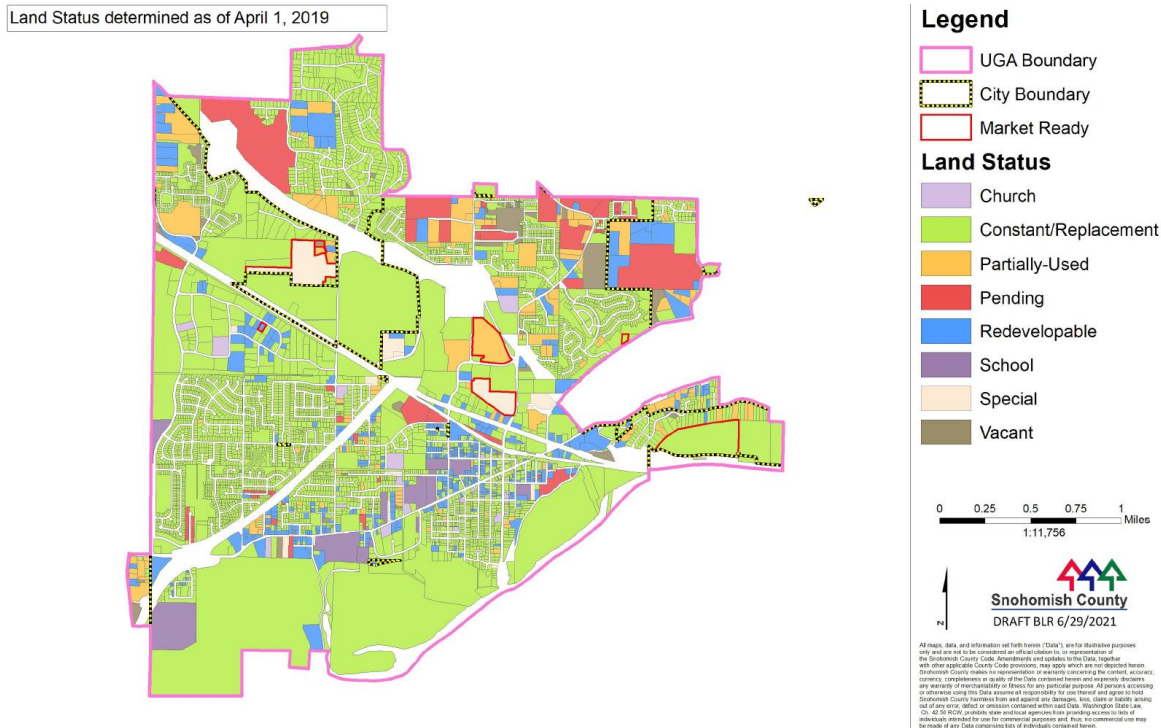
Land supply analysis leverages published sources including the 2021 Snohomish County Buildable Lands Report and the two-phase Monroe Lodging Assessment report (2022 & 2023, respectively), and complements these with custom analysis to paint a more detailed picture of the supply and suitability of lands available for employment growth today in Monroe. Findings highlight land available both inside and outside the city’s Tourist Commercial zone for lodging and hospitality development; and snapshots of

three key areas for Monroe’s economic future – the US 2 Corridor, North Kelsey, and Downtown – are further assessed.

*Snohomish Buildable Lands Report*

Buildable land capacity for employment uses, including commercial, industrial, and some institutional activities, was assessed as a part of Snohomish County’s recently updated 2021 Buildable Land Report (BLR). The results of this analysis for the City of Monroe and its urban growth area (UGA), detailed in the BLR on pages 52 and 119 of the report and re-compiled in **Exhibit 37** and **Exhibit 38**, indicated that a total of 131.7 acres of gross buildable land existed at that time. This acreage is concentrated mainly within the incorporated Monroe urban growth area (UGA), to accommodate future employment growth as of 2021.

**Exhibit 37. Snohomish Buildable Land Report Land Status Map, Monroe, 2021<sup>5</sup>**



Sources: Map reproduced in its entirety from the draft Snohomish County Buildable Lands Report – Monroe Results, 2021; Community Attributes Inc., 2023.

<sup>5</sup> A methodological refinement was added to the 2012 BLR analysis to address a unique capacity issue brought about by the economic downturn experienced since the last BLR. Specifically, a “market-ready overlay” was added to the land status maps to denote sites without pending development but for which property owner intent to develop was evident. Consequently, the market availability reduction factor was not applied for these parcels during the capacity analysis.



According to the analysis, the majority of buildable land acreage available for employment uses in Monroe consists of parcels designated as “redevelopable” (70%)<sup>6</sup>. The zoning categories with the greatest overall capacity include the General Commercial (GC), Mixed Use-General (MG), Downtown Commercial (DC), and Light Industrial (LI) categories. According to the BLR, Monroe’s Tourist Commercial (TC) zone contained at that time only 3.8 acres of buildable land capacity (**Exhibit 38**).

**Exhibit 38. Employment Land Supply by Zone, Monroe, 2021**

Zone	Gross Buildable Acres*				Total by Zone
	Pending	Vacant	Redev	Part Use	
Downtown Commercial (DC)	0.2	0.5	12.5	0.6	<b>13.8</b>
General Commercial (GC)		3.3	29.9	28.8	<b>62.0</b>
Tourist Commercial (TC)			1.9	1.9	<b>3.8</b>
General Industrial (GI)					
Industrial Transition (IT)		0.2	3.1		<b>3.3</b>
Light Industrial (LI)			10.3		<b>10.3</b>
Shoreline Industrial (SI)			4.8		<b>4.8</b>
Mixed Use - Medical (MM)				0.4	<b>0.4</b>
Mixed Use - Neighborhood (MN)		0.1	9.4		<b>9.5</b>
Mixed Use - General (MG)		0.6	20.0	0.6	<b>21.2</b>
Institutional (IN)					
Multifamily Residential (R25)**	2.6				<b>2.6</b>
<b>Total by Status</b>	<b>2.8</b>	<b>4.7</b>	<b>91.9</b>	<b>32.3</b>	<b>131.7</b>

Sources: Snohomish County Buildable Lands Report, 2021; Community Attributes Inc., 2023. \*Note: Gross Buildable Acres consist of total parcel acreage minus critical areas, buffers, and easements; reductions in acreage DO NOT include market or public purpose reductions. \*\*Note: While R25 is an attached housing zone, certain service and institutional uses are permitted or conditionally permitted. One large parcel in this zone was included in the 2021 BLR Employment Land Capacity analysis as buildable land (pending) with employment capacity, hence its inclusion here.

<sup>6</sup> Parcels where no development is anticipated (i.e., no additional capacity assigned) were classified as “Constant.” **Pending** parcels had pending applications for new construction at the time of the BLR analysis (2019). **Vacant** parcels are generally those where the Assessor’s building improvement value is less than \$5,000. **Redevelopable** parcels are non-vacant parcels that are candidates for demolition of the existing building and replacement by something new at some time during the 20-year Growth Management Act (GMA) plan horizon (identification of buildings as redevelopable begins with the ratio of improvement-to-land value, the UGA in which the parcel is located, the zoning or plan designation, and the current use). **Partially used** parcels are those where the model assumes that the existing building(s) use only a portion of the site and that additional development on the parcel is possible without demolition.

This 3.8 gross buildable acres were found on six parcels, including 1.9 redevelopable acres and 1.9 acres surplus of partially developed land in the Tourist Commercial (TC) zone in Monroe. Four of these six parcels were located adjacent to First Air Field, while the other two were located east of the Fairgrounds along Cascade View Drive, just north of US-2.

*Additional Potential Acreage*

**Up to an additional 37 buildable acres may be available for lodging and hospitality development in the TC and GC zones of Monroe.**

In a separate, two-phase submarket analysis of Monroe’s lodging needs prepared by HVS Consulting and Valuation of Portland, Oregon in 2022-2023, six specific sites were identified and assessed for potential lodging and or hospitality sector development feasibility. The six sites identified and analyzed by HVS included the following:

- North Kelsey Lots 1 & 2 (6 and 8.3 Acres, respectively)<sup>7</sup>;
- Hanson Lot (15.9 Ac);
- the Airfield Site (First Air Field Airport, 57 Ac);
- the Lake Tye Site (4.9 Ac);
- and the Monroe Old Central School Building Site (6.3 Ac).

The Airfield Site and the Hanson Lot, as described in the HVS report, overlapped with or were adjacent to all six of the TC-zoned sites with employment capacity identified in the BLR, but also contained additional acreage categorized in the BLR as Special and/or Market Ready. The acreage for these sites was not included in supply or capacity calculations in the BLR. Another two sites (Lake Tye and the High School Administration Building) were not identified as either buildable or Special / Market Ready by the BLR land capacity analysis. As these sites were also found the least competitive by HVS, they are omitted from further study in the current analysis.

An updated assessment of the HVS and BLR analyses for this report indicates that, in addition to the 3.8 gross buildable acres of TC-zone land identified in the BLR, up to an **additional 37 gross buildable acres** may be available for lodging and hospitality development (in both the TC and GC zones) if the additional

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<sup>7</sup> Acreage is as cited by HVS and assumed to be total acreage for sites consisting, in some cases, of multiple parcels; gross buildable acreage in the BLR and the land capacity analysis for this study was considerably less for these sites compared to the figures cited by HVS, since both took into account critical area deductions.

Special / Market Ready designated portions of the Airfield, Hanson, and North Kelsey sites<sup>8</sup> are considered. The suitability of these sites was assessed in detail by HVS; we briefly summarize those here:

- **North Kelsey:** Two lots in the North Kelsey shopping center are available for development and owned by the City of Monroe. These sites are adjacent to the existing Evergreen Inn and Suites and the Best Western Sky Valley, as well as a variety of dining and retail options. The sites themselves are not visible from US-2 and would require guests to cross US-2 to connect to Main Street. HVS concludes that this site is the most likely to attract private development for a limited-service or extended-stay hotel, similar to a Truby Hilton or TownePlace Suites by Marriott branded hotel property.
- A hotel would enhance Monroe as a destination by increasing the available hotel room supply with a more elevated product than what is currently available in the market. Given the relatively high occupancy rates of existing hotels, a new hotel may capture more demand for lodging. The sites are also popular for other commercial, retail, or residential development options.
- **Airfield Site:** The Airfield site, immediately adjacent to the Evergreen State Fairgrounds, is currently under contract with a prospective purchaser. It is the largest site available, but the surrounding land uses are not conducive to the type of hotel development that could succeed at North Kelsey. Supplemental fairgrounds parking spaces, the fairgrounds, and residential lots surround the site, and the connection to Monroe and US-2 requires guests to drive to tourism amenities outside the fairgrounds. An upscale, decentralized lodging product could succeed on this site, including products that feature RV trailers, tents, or even portable semi-permanent structures, such as a luxury camping (“glamping”) development. New visitors may come to Monroe for this lodging product.

The uniqueness of the product, as well as the quality of the amenities offered on site, could make it a popular destination for outdoor recreation users in the North Cascades who currently stay elsewhere. This development would be expected to repurpose the Airfield site and remove the FAA overlay within a reasonable timeframe that limits the height of development around the site, however any other development that changes the zoning on the site would also remove the overlay. Whether there is enough demand in the winter months and during the week to support the facility is unclear.

- **Hanson Lot:** The Hanson Lot is located on the southeast corner of the Fairgrounds and Speedway. It is an excellent site for a proposed hotel that would support Fairgrounds and Speedway events and benefits from its high walkability to these facilities. It is easily connected to the facilities,

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<sup>8</sup> Of these, only the Airfield site and Hanson Lot are located within the TC zone; the Kelsey sites are located within Monroe’s General Commercial zone and North Kelsey / Tjerne Place Overlay (NK/TP-O). The Airfield site acreage cited here consists of those portions of Habich parcels that may be buildable based on provisions in the City’s critical areas code. The North Kelsey acreage excludes one parcel with a stormwater vault. The Hanson lot includes 9 acres outside of critical areas.

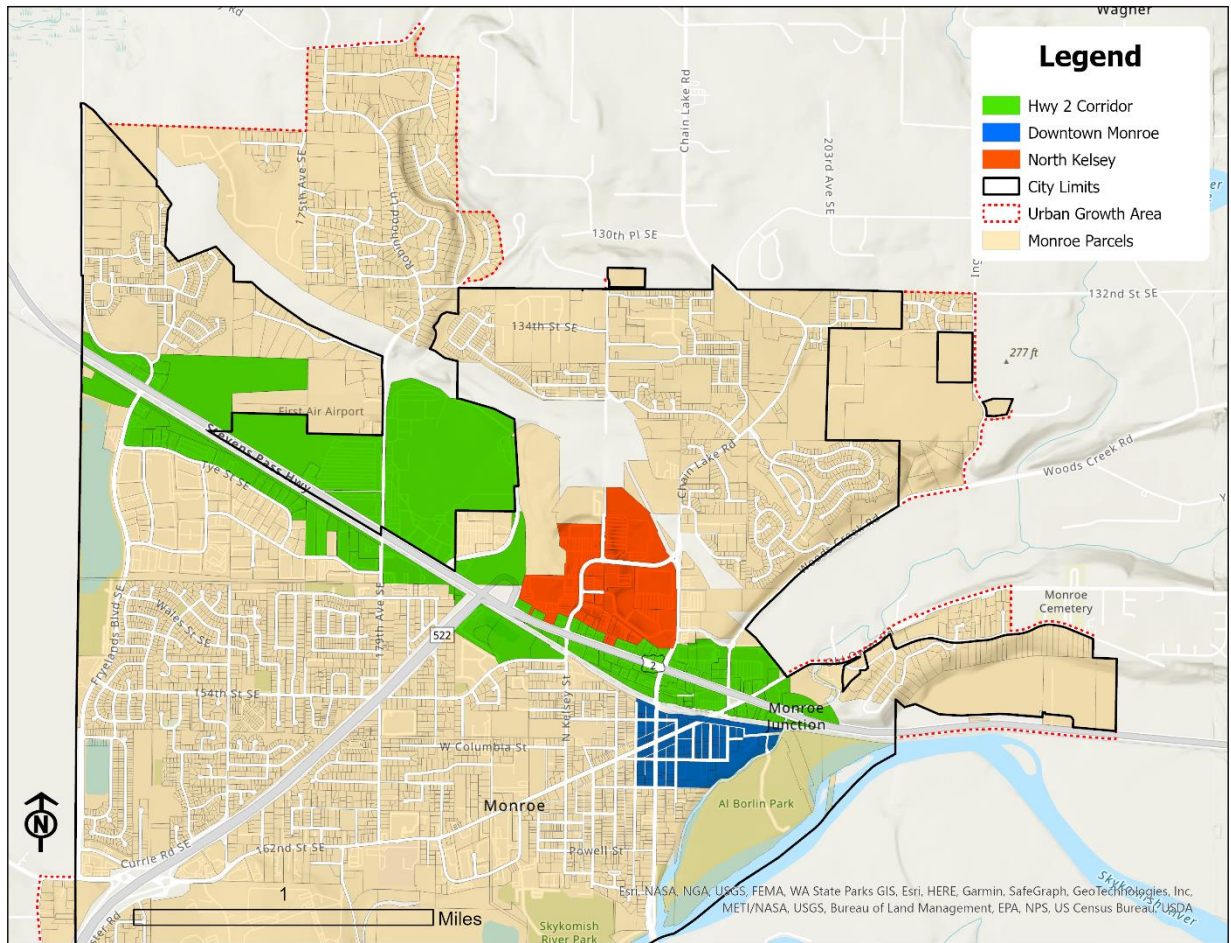
located immediately off US-2, and is an adequate size to support a hotel and supplemental parking. It does require guests to drive to access the downtown Monroe and North Kelsey areas. The most appropriate product would be a branded, limited-service or extended-stay hotel that would primarily rely on Fairgrounds demand. It would also serve leisure travelers and outdoor enthusiasts, but as with the North Kelsey site, this hotel type would not be unique or enhance the destination outside of the quality and quantity of rooms. The main destination for hotel guests would be the Fairgrounds and Speedway. There is some concern about Speedway noise during some events, but hotels have installed sound-proof windows to limit the noise in guestrooms. The addition of a hotel on site would enhance the Fairgrounds as an event destination and could enable it to attract new types of events, and more events and attendees overall.

*Subarea Highlights*

**34% and 20% of Monroe’s buildable acreage lie within the US-2 corridor and North Kelsey areas, respectively, while only 8% is found in Downtown Monroe.**

In addition to the TC zone, analysis includes a more detailed look at three subareas particularly important to the Monroe’s economic future: the US-2 corridor, North Kelsey (referring in this instance to the entire shopping area north of US-2), and Downtown Monroe (**Exhibit 39**).

**Exhibit 39. Monroe Employment Land Subareas**



*Sources: Snohomish County, 2021; City of Monroe, 2023; Community Attributes Inc., 2022.*

The **US-2 corridor**, along with 522, serves as the gateway to Monroe and is an economic artery for the City. It brings visitors into and out of the City from the east and northwest and links together the Fryelands Industrial Park, the Evergreen State Fairgrounds, the North Kelsey shopping area, and Downtown Monroe via Main Street. From the west, Light Industrial and Industrial Transition zones lead to the Tourist Commercial zone on the north side of the highway, then onto the City’s primary concentration of General Commercial zoning in and adjacent to North Kelsey. A custom analysis of the 2021 buildable lands report

data finds 44.8 acres of gross buildable land (34 % of the total) lie within this corridor across all commercial and industrial zoning categories. This subarea is adjacent to, but does not include, the additional acreage on the Airfield Site and Hanson Lot described above.

For much of its length, the US-2 corridor is a typical auto-oriented commercial strip. Fast food restaurants, tire and auto parts stores, gas stations, and banks dominate the eastern half of the corridor. The western half has a different character, with the green open spaces of the Fairgrounds on one side and the railroad tracks backing up to the Fryelands industrial park on the other. The Evergreen Medical Center is also located here.

The **North Kelsey** shopping area, on the north side of US-2 between the 522 overpass and Chain Lake Road, comprises the City of Monroe’s important “big box” shopping and services node. Lowe’s, Walmart, and Fred Meyer are all located here, in addition to several chain restaurants and a movie theater. The shopping destinations here are visible from US-2 but not easily accessible from Downtown or other areas of Monroe on foot or bicycle. Around 26.5 of the City’s 131.7 acres (or 20%) of gross buildable land is located here. In addition, another 14.3 acres of additional potential employment land comprise several parcels described previously just south of Lowe’s.

**Downtown Monroe**, along Main Street south of US-2 and on the west side of the Skykomish River around where Main Street intersects Lewis Street. This is Monroe’s historic, small-scale downtown commercial and services area, and hosts many of City’s the independent businesses including pubs and taverns, yoga studios, a gym, veterinarian, and non-chain restaurants unique to Monroe. The eastern edge of downtown also contains several apartment complexes. Only 11 of the City’s 131.7 acres of gross buildable land (8%) in the BLR are located here. Downtown Monroe has its own flavor of zoning called Downtown Commercial that allows a unique mix of small-scale commercial and light industrial activities mixed with attached housing residential uses.

## Land Capacity

### *Employment Forecast*

**The forecast for 2,710 new employees between 2021 and 2044 means around 1.26 million square feet of additional commercial and industrial floor area will be required in Monroe.**

Based upon Countywide Planning Policy growth allocations and an analysis of forecast employment by industry, overall, employment in Monroe is projected to grow at 1.1% annually between 2021 and 2044 (**Exhibit 24**). Total new employment growth during that period is forecast to be 2,710 new commercial and industrial employees in Monroe (**Exhibit 24**). (Note that the adopted Snohomish Countywide Planning Policies (CPPs) project growth between 2019 and 2044 of 2,400 for the Monroe Urban Growth Area, based on estimated 2019 employment of 10,260 and projected 2044 employment of 12,660. The declines in employment caused by the COVID-19 pandemic result in the discrepancy between the adopted growth of 2,400 new employees and the growth projected between 2021 and 2044 of 2,710.) In contrast, the

remaining new employment figure referenced in the 2021 BLR is 1,521 new commercial and industrial employees from 2019-2035.

Services and Retail employment are projected to see the largest annual increases as well as the largest overall increases in employment over this forecast period.

### *Demand for Space*

Industry averages for space utilization were referenced from studies undertaken in advance of the Snohomish Buildable Lands Report update that estimated space utilization based on historic permitting data<sup>9</sup>. The space utilization rates range from 300 square feet per job at the low end for government and education employment, to 1,000 square feet per job at the high end for Warehousing Transportation and Utilities (WTU) and Construction and Resource employment (see note for **Exhibit 40**).

### **Exhibit 40. Projected Building Area Demand by Sector, Monroe, 2021 - 2044**

<b>Industry</b>	<b>2021 Empl.</b>	<b>2044 Empl.</b>	<b>Empl. Growth</b>	<b>Sq. Ft. per Employee</b>	<b>Total SF Required</b>
Services	2,640	4,070	1,430	300	429,000
Government	2,080	2,270	190	300	57,000
Retail	1,610	2,330	720	700	504,000
Manufacturing	1,470	1,400	(70)	500	(35,000)
Const & Resources	920	1,080	160	1,000	160,000
Education	470	620	150	300	45,000
WTU	330	410	80	1,000	80,000
FIRE	190	240	50	350	17,500
<b>Total</b>	<b>9,710</b>	<b>12,420</b>	<b>2,710</b>		<b>1,257,500</b>

*Sources: PSRC, 2022; Snohomish County, 2021; Community Attributes Inc., 2022.*

*Note: Services figure is an average of Food Services (200 SF per Employee (SFpE)) and Other Services (400 SFpE); Construction & Resources figure missing from Snohomish data, substituted with WTU figure here.*

Given these assumptions around the utilization of space for employment activities, analysis indicates that a total of more than 1.2 million square feet of building space would be required to accommodate the projected 2021-2044 employment growth of 2,710 employees (**Exhibit 40**).

### *Employment Land Capacity*

**With land identified in the 2021 BLR plus additional land assessed by HVS and this report, capacity for 2,016 new employees currently exists in Monroe, based on current zoning.**

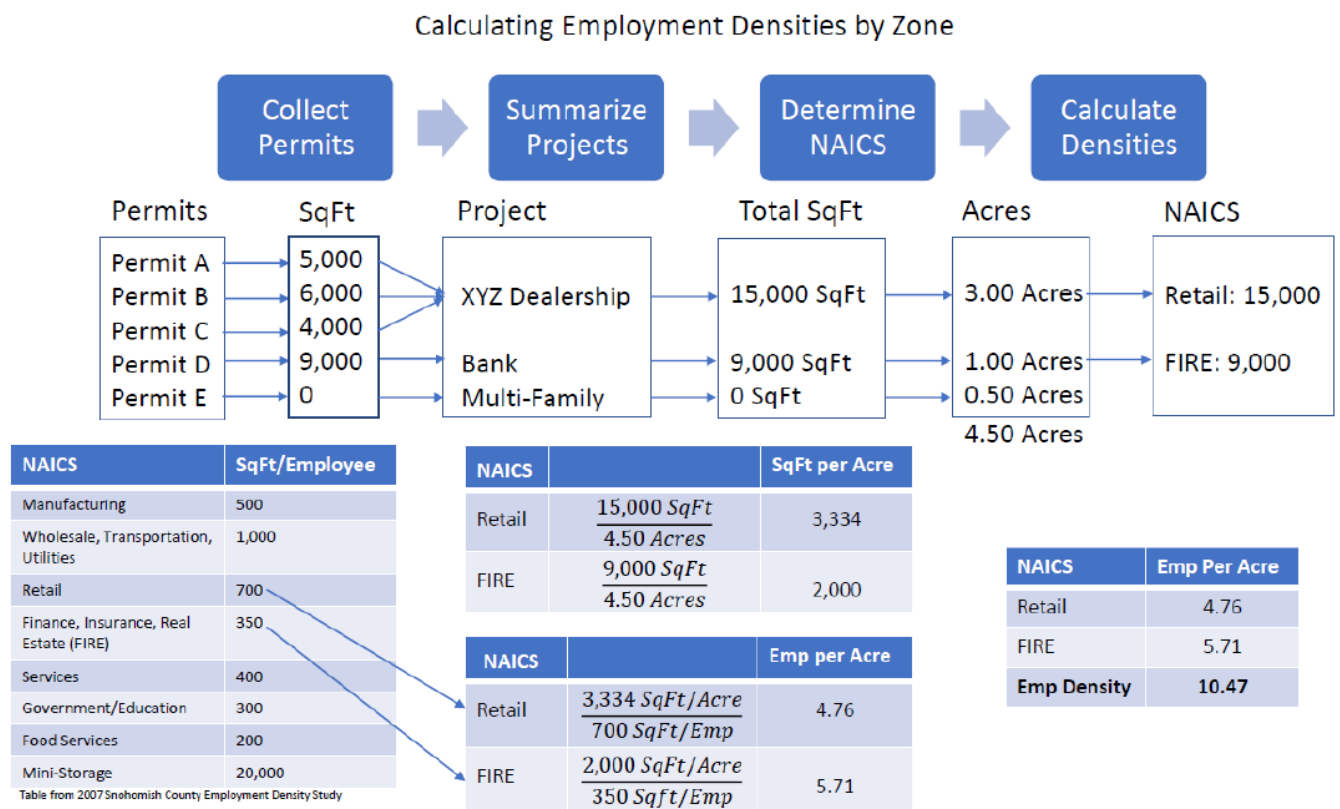
The assessment of employment land capacity is based upon detailed calculations performed in the 2021 Snohomish County Buildable Lands Report (BLR), supplemented with additional potential acreage as

<sup>9</sup> See detailed description of methodology and background studies in 2021 Snohomish Buildable Lands report, page 24.

assessed in the foregoing Land Supply section. Further on, this capacity will be compared with both adopted employment allocations in the BLR, as well as the employment forecast for Monroe through 2044, based on adopted Snohomish Countywide Planning Policies growth allocations.

In the BLR, employment land capacity was calculated on a per-parcel basis by dividing gross buildable acreage by an employees per acre figure calculated by the County in collaboration with local jurisdictions. The process used to obtain this figure is summarized below in **Exhibit 41**. More detail on the methodology can be found in the BLR.

**Exhibit 41. Calculating Employment Densities by Zone, 2021 Snohomish County Buildable Lands Report**



Sources: Snohomish County Buildable Lands Report, 2021; City of Monroe, 2012-2019; Community Attributes, 2023.



**Exhibit 42 42** summarizes employment land capacity calculations in the BLR by zoning category for Monroe, but also includes and accounts for additional potential acreage originally studied by HVS and assessed further in this report (highlighted in gray).

**Exhibit 42. Employment Land Capacity, 2021 Snohomish County Buildable Lands Report and Additional Potential Acreage**

Land Status	Zone	Zone Type	Total Acres	Unbuildable Acres	Gross Buildable Acres	Surplus Acres (for partially-used parcels)	Empl. Capacity (no reductions)	Empl. Capacity (reductions)
<b>Pending</b>	DC	Commercial	0.2	0.0	0.2	0.0	15	15
	R25	Residential 25/ Ac	10.3	7.7	2.6	0.0	2	2
<i>Subtotals</i>			10.5	7.7	2.8	0.0	17	17
<b>Vacant</b>	DC	Commercial	0.5	0.0	0.5	0.0	21	17
	GC	Commercial	6.2	2.9	3.3	0.0	53	42
	IT	Industrial Transition	0.4	0.2	0.2	0.0	3	3
	MG	Mixed Use	0.6	0.0	0.6	0.0	8	7
	MN	Mixed Use	0.1	0.0	0.1	0.0	2	1
<i>Subtotals</i>			7.8	3.1	4.7	0.0	86	68
<b>Partially-Used</b>	DC	Commercial	0.6	0.0	0.6	0.6	20	13
	GC	Commercial	42.7	13.9	28.8	28.8	456	303
	MG	Mixed Use	0.6	0.0	0.6	0.6	10	6
	MM	Mixed Use	0.4	0.0	0.4	0.1	8	5
	TC	Tourist Commercial	3.5	1.6	1.9	1.1	17	11
<i>Subtotals</i>			47.8	15.5	32.3	31.2	510	339
<b>Redevelopable</b>	DC	Commercial	14.4	1.9	12.5	0.0	467	311
	GC	Commercial	38.8	8.5	29.9	0.0	411	273
	IT	Industrial Transition	6.0	2.9	3.1	0.0	30	20
	LI	Industrial	17.8	7.5	10.3	0.0	260	173
	MG	Mixed Use	21.5	1.5	20.0	0.0	297	198
	MM	Mixed Use	1.0	0.0	1.0	0.0	51	34
	MN	Mixed Use	9.4	0.0	9.4	0.0	115	76
	MU	Mixed (Unincorp.)	0.4	0.3	0.1	0.0	2	1
	SI	Industrial	7.5	2.7	4.8	0.0	120	80
TC	Tourist Commercial	4.4	2.5	1.9	0.0	28	19	
<i>Subtotals</i>			121.2	27.8	93.0	0.0	1,780	1,183
<b>Special /</b>	GC	(North Kelsey)	14.3	0.0	14.3	0.0	230	182
<b>Market Ready</b>	TC	(Airport & Hanson)	66.4	43.7	22.7	0.0	351	227
<i>Subtotals</i>			80.7	43.7	37.0	0.0	581	409
<b>Totals</b>			<b>268.1</b>	<b>97.8</b>	<b>169.9</b>	<b>31.2</b>	<b>2,974</b>	<b>2,016</b>

Sources: Snohomish County Buildable Lands Report, 2021; City of Monroe, 2012-2019; Community Attributes, 2023. Note: "Reductions" refer to market factor and public purpose deductions applied after capacity calculations are made to gross buildable acreage.

According to the analysis, capacity currently exists on the combined employment land supply of 169.9 acres (131.7 acres identified in the BLR, plus up to 37 acres of additional potential acreage) for a total of 2,016 new employees through 2044. Thus, a shortage of capacity for around 694 additional employees may exist in accommodating the 2,710 jobs forecast in this report through 2044, even with the potential additional acreage described above, without changes to current zoning. Zoning changes could allow for additional capacity beyond what is available under current zoning.

The adopted Snohomish Countywide Planning Policies (CPPs) project growth between 2019 and 2044 of 2,400 for the Monroe Urban Growth Area, based on estimated 2019 employment of 10,260 and projected 2044 employment of 12,660. The estimated capacity under current zoning of 2,016 new employees is also a shortage for the adopted growth of 2,400 new employees through 2044. Zoning changes could allow for additional capacity beyond what is available under current zoning. The declines in employment caused by the COVID-19 pandemic result in the discrepancy between the adopted growth of 2,400 new employees and the growth projected between 2021 and 2044.

At the blended rate of employees per gross buildable acre, after deductions, for all employment lands across the city of Monroe, approximately 58 additional gross buildable acres would be required, without changes to existing zoning designations and land use intensities, to accommodate the full projected 2021-2044 employment growth of 2,710 jobs at the densities historically observed and assumed by category in Monroe. The comprehensive plan update process will assess how the city can achieve the 2044 employment allocation without changing the city's urban growth area boundaries.

## Sufficiency

**Around 60 additional acres of buildable land will be required if no changes are made to current zoning and land use development patterns to accommodate forecast and adopted employment in Monroe through 2044.**

The adopted 2021 Snohomish County Buildable Lands Report identified a growth of 1,521 additional remaining employees through 2035 over base year 2019 employment as assessed at the time of the BLR. With a 2019 base year employment of 10,260, this reflects an adopted total employment forecast of 11,781 in the Snohomish County Countywide Planning Policies (CPPs) by 2035 (CPP 2035 Employment Target) at that time. The analysis completed for the BLR identified a total additional employment capacity of 1,610 employees on 131.7 Gross Buildable Acres citywide, in both incorporated and unincorporated UGA areas and across all commercial and industrial zoning categories. This capacity was sufficient to accommodate the remaining employment growth portion of the CPP-adopted allocation for Monroe of 1,521 employees with a surplus capacity of approximately 86 employees.

However, the CPP growth allocations have since been updated from 2035 and project a growth of 2,400 new employees between 2019 and 2044, and the ongoing Comprehensive Plan update must utilize this updated figure. This updated allocation, adjusted upward to account for employment declines related to the pandemic between 2019 and 2021 is the basis of our employment forecast figure of 2,710 new employees through 2044.

According to the analysis of land supply that includes additional potential acreage assessed by HVS and this report, the 169.9 currently buildable acres available across all commercial and industrial zones in Monroe represents insufficient capacity to accommodate the forecast employment through 2044. A shortfall in capacity for up to 700 employees may exist without changes to current zoning and land use development patterns or additional land through the time horizon of the Comprehensive Plan update.

## FINDINGS AND IMPLICATIONS

This section will combine findings from existing conditions, market analysis, and employment lands analyses to inform a narrative summary of key factors that will influence Monroe’s economic development.

### Findings

#### *Existing Conditions*

##### POPULATION & DEMOGRAPHICS

- Following a surge due to annexations and development, the city’s population is growing at a rate in line with county trends.
- Monroe’s population is aging and has a growing share of residents aged 20 to 39.
- Monroe’s median household income has increased to nearly \$100,000 over the past decade, in line with the countywide median household income levels.
- Educational attainment is increasing in Monroe, with two-thirds of the population attaining a college degree or completing some college.

##### HOUSING CHARACTERISTICS

- Monroe’s housing market continues to be predominately one-unit detached dwellings.
- Monroe’s housing is primarily owner-occupied, but the share of renter-occupied households showed growth until 2020.
- Monroe’s housing costs are rising in line with county trends.
- Monroe renters face steady housing cost increases exceeding Snohomish County rates.
- A significant portion of Monroe renters are cost burdened, or households paying more than 30% of their income for housing.

##### ECONOMY & INDUSTRY

- Employment in Monroe has steadily increased over the last two decades.
- Monroe’s largest sector, public administration largely due to employment at the Monroe Correctional Complex, represents a significantly higher proportion of citywide employment compared to the County or region’s share of employment by industry.
- Employment in Monroe’s educational services sector saw the highest annual growth from 2016 to 2021, while healthcare and retail trade experienced the greatest annual decline.
- A majority of Monroe residents commute out of the city for work.

#### *Market Analysis*

##### INVENTORY & DELIVERIES

- Retail space has increased since 2008, creating more opportunities for economic development.
- Monroe’s office inventory has remained steady since 2006.

- Industrial space inventory has remained relatively steady since 2009.

#### VACANCY & LEASE RATES

- Retail lease rates have increased slowly since 2014, while vacancy rates have remained volatile.
- Since 2018, office lease rates have steadily risen while vacancy rates have declined.
- Industrial lease rates have steadily increased since 2013, while vacancy rates have steadily decreased.

#### ABSORPTION

- Absorption among Monroe’s retail, office, and industrial real estate markets has steadied out in recent years following decreasing vacancy rates and few deliveries.

#### *Employment Lands Analysis*

#### LAND SUPPLY

- Snohomish County’s 2021 BLR showed 131.7 acres of buildable land available, with 3.8 acres of that in the Tourist Commercial zone.
- Up to an additional 37 buildable acres may be available for lodging and hospitality development in the TC and GC zones of Monroe.
- 34% and 20% of Monroe’s buildable acreage lie within the US-2 corridor and North Kelsey areas, respectively, while only 8% is found in Downtown Monroe.

#### LAND CAPACITY

- The forecast for 2,710 new employees between 2021 and 2044 means around 1.26 million square feet of additional commercial and industrial floor area will be required in Monroe.
- With land identified in the 2021 BLR plus additional land assessed by HVS and this analysis, capacity for 2,016 new employees currently exists in Monroe.

#### SUFFICIENCY

- Without changes in zoning and current land use development intensities additional land is needed to accommodate forecast and adopted employment in Monroe through 2044.

## Implications

The findings summarized in this report have numerous implications for the City of Monroe regarding the fulfilment of its economic development goals and objectives in achieving its economic vision for the future. These implications will, along with ideas and insights from public and interest group engagement, ultimately help drive the development of focused, place-based strategies and actions for economic development in Monroe.

Monroe’s **demographic trends** imply several key takeaways for policy recommendations. First, Monroe’s educational attainment indicates city residents are becoming better educated, and that there is an increasing share of the younger, 20-39 year old age cohort, and older 50-69 cohort. These trends may suggest that Monroe is a destination for people who are moving away from more expensive locations on

the Eastside, such as Bellevue, Kirkland, or Redmond. Changes in age and education status of Monroe's population imply a readiness for workforce development policies aimed at getting young people into the workforce with good, living wage jobs – as well as increased opportunities for entrepreneurship and senior career professionals. These changes may also imply a need for policies to develop jobs that will provide more opportunity for residents moving away from more expensive locations to work within the communities where they live. An increasing foreign-born population and in Monroe residents not speaking English as a first language at home indicate the city could pursue policies to increase diversity in hiring and new business starts, as well as multicultural business services and translation of city resources.

Given Monroe's steady recent population growth trend and its median household incomes, both keeping pace with the County's, there is likely an opportunity for increased diversity in the city's retail growth. Though retail vacancy rates have been somewhat variable, retail space has increased since 2008 and retail continues to represent a significant share - 17% - of Monroe's employment. Also, Monroe's larger household size than almost all its comparison cities may indicate a need to strengthen supportive services for working parents, as well as, possibly, strategies aimed at the attraction and retention of work from home in all industries.

Monroe's **housing analyses** also revealed additional implications for economic development. Analysis of existing housing conditions found that Monroe renters face steady housing cost increases exceeding Snohomish County rates, and that a significant portion of Monroe renters are cost burdened. Given these trends, Monroe could pursue policies that increase the supply or subsidy more diverse housing options to retain more working people desiring to live where they work.

Monroe's **employment and commute trends** reveal a number of implications for which industries Monroe might choose to allocate and strengthen. For instance, while manufacturing is still an important employment sector for Monroe, it lags the County, where it is a major economic driver. Monroe could pursue policies that leverage the strength of the manufacturing sector in Snohomish County to grow its own industrial job base in selected sub-sectors. As a large majority of Monroe residents commute out of the city for work, policies to increase employment opportunities and diversity more closely aligned with its resident profile may be an additional opportunity. Finally, Monroe could identify policies that strengthen and protect the city's key retail and public administration employment sectors, such as expanding housing choice and transportation options for North Kelsey retail workers and Monroe Correctional Complex workers.

In terms of employment **land and market trends**, analysis reveals that tourist commercial opportunities exist on more than 40 acres of gross developable employment land in Monroe, 37 of which have undergone detailed assessments of their competitiveness for various hospitality uses completed by an outside consultant. As accommodation and food services employment represents 10% of the city's employment, such efforts may yield valuable results for the city's long-term economic future, as well as for its identity and market position in the region.

In addition, as fully 54% of buildable acreage in city was found to lie along US-2 and in North Kelsey, Monroe could consider the development policies to increase connectivity, walkability, and multi-modal access to these areas for residents, visitors, and workers. Monroe may eventually require policies aimed at increasing its developable land supply, such as annexation, re-zoning, disposition of public land, and others, in order to accommodate growth forecasted through 2044.