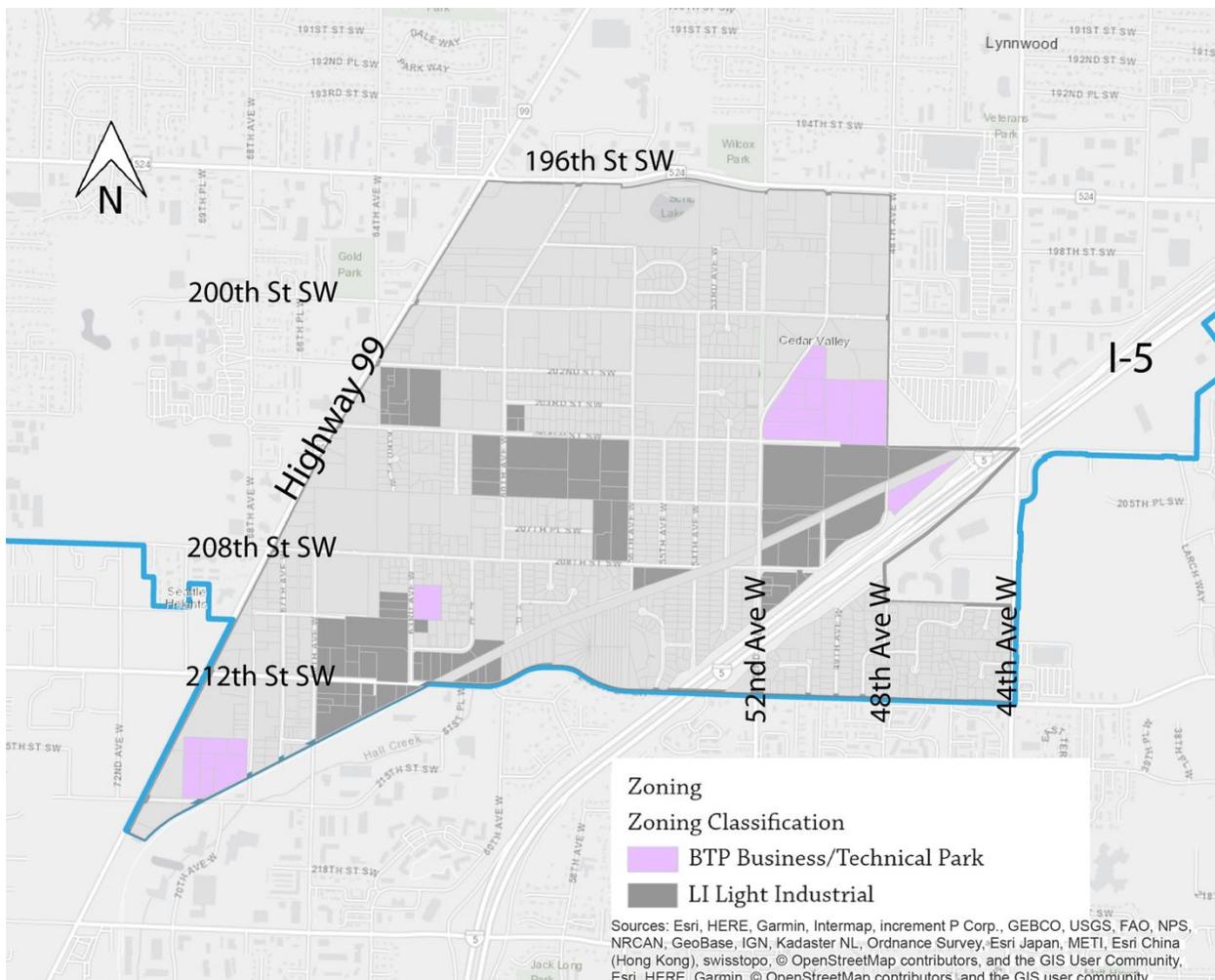


DATE: May 25, 2021
TO: Ashley Winchell, City of Lynnwood
FROM: Erik Bagwell, ECONorthwest
SUBJECT: South Lynnwood Industrial Lands Assessment Business Outreach

Industrial Lands Assessment

In January 2021, on behalf of the South Lynnwood CoDesign Committee, ECONorthwest conducted an evaluation of the industrial businesses and facilities that are currently in operation in the South Lynnwood neighborhood. The following sections provide an overview of our approach, data sources utilized, and key findings.

Study Area



The study area for this industrial lands evaluation consisted of the two zoning classifications in South Lynnwood that currently authorize industrial uses, the Business/Technical Park (BTP)

and Light Industrial (LI) zones. The South Lynnwood neighborhood is the only area of the city that permits industrials uses.

Business Activities

Within the BTP and LI zones, approximately 50 businesses are engaged in a diverse range of activities ranging from manufacturing to food distribution and packaging.

Table 1. South Lynnwood Businesses by Activity

Business Activity	Number of businesses	Rentable Square Feet
Manufacturing	10	269,467
Office	8	177,524
Trades	7	92,966
Auto Repair	4	21,302
Professional Services	3	23,747
Towing	2	21,357
Warehouse	2	29,866
Auto Parts Retailer	2	27,768
Distribution	1	43,029
Flex	1	3,060
Fiber Optic Cable Supplier	1	19,860
Metal Fabrication	1	9,120
Fuel Tank Cleaning	1	3,320
Auto Parts and Supplies	1	50,000
Glass Fabrication	1	13,680
Sound and Communcation Systems	1	10,172
Food Distribution and Packaging	1	24,218
Food Processing	1	10,355

Source: CoStar, 2020.

Within these sectors, businesses produce a variety of goods and provide an array of services. For example, the manufacturers located in the neighborhood produce waterskis, automotive parts, and furniture. The professional trades companies in the neighborhood lease or own facilities to store equipment, fabricate metal and wood products, or conduct concrete work.

Local Economy

These light industrial business activities also offer some important economic stability for the neighborhood and potentially some job opportunities for local residents. According to U.S. Census, the businesses activities of the firms located in South Lynnwood represent some of the highest paying industries in Snohomish county.

Table 2. Snohomish County Businesses, Employment and Wages by Sector

Industry	Employment	Percent of Total Employment	Establishment Count	Average Annual Wages
Information	3,640	0.8%	377	\$109,044
Manufacturing	57,834	12.5%	775	\$95,836
Goods-producing	82,754	17.9%	4,279	\$84,708
Financial activities	12,735	2.8%	1,613	\$80,756
Professional and business services	27,025	5.9%	3,520	\$68,588
Construction	23,107	5.0%	3,292	\$57,772
Education and health services	33,617	7.3%	5,327	\$53,352
Service-providing	148,854	32.3%	17,533	\$53,144
Trade, transportation, and utilities	44,815	9.7%	3,265	\$47,112
Natural resources and mining	1,813	0.4%	212	\$44,356
Other services	6,093	1.3%	1,559	\$34,580
Leisure and hospitality	20,929	4.5%	1,872	\$20,644
Total	442,287	100%	4,905	\$62,491

Source: QCEW Snohomish County, June 2020

Employees of these businesses likely spend some of their earnings at local businesses and may even reside in the neighborhood or elsewhere in the city, contributing to retail sales and the tax revenue base in Lynnwood.

Business Outreach

As part of our assessment of the industrial lands, in April 2021, ECONorthwest attempted to contact 20 local business owners and operators who are active in South Lynnwood. The businesses contacted represent the diverse mix of commercial activities that occur in the neighborhood. Specifically, we interviewed: a business focused on the manufacturing of sanitation products for food processing; a custom cabinet company; a former sheet metal fabricating business for HVAC systems; and a commercial real estate services firm. They shared their experiences in the neighborhood and their perspectives on some of the local challenges and opportunities confronting the community.

Why South Lynnwood?

Of the businesses we interviewed, each offered a unique story in describing why they chose South Lynnwood. Throughout these interviews, there were four general themes for their decisions to locate and operate in the neighborhood:

- Third generation business / property owners
- Ease of access to the region for their business needs
- Low-cost land and warehouse space
- Business friendly City government

For those businesses continuing family enterprises, in the interviews they indicated that they have held onto the real estate that their grandparents acquired. In most cases they have

transitioned the businesses their grandparents founded to different activities as the economy has transitioned from manufacturing heavy to more service oriented.

For several businesses, access was the primary reason to locate to South Lynnwood. The neighborhood's proximity to I-5 and highway 99 provides opportunities and efficiencies in the operation of these local businesses. This feature was attractive for a sanitation products manufacturer who sells products to other businesses located in King and Snohomish counties as well as a property management company that manages commercial office building throughout the region.

In addition to the physical location, many interviewees emphasized the type of light industrial space available in the neighborhood as well as the cost to lease space or acquire land as important factors that influenced their decisions to operate in the neighborhood. The light industrial zoning classification has preserved several large warehouse facilities that are becoming scarce as pressures to redevelop for other uses has converted these once industrial districts. To survive some companies have sought warehouse and light industrial space elsewhere. Due to its current stock of light industrial buildings, South Lynnwood has become attractive to enterprises that need large amounts of cheap space to operate their businesses.

One company that left the light industrial district of Ballard in Seattle, described their experience as the City of Seattle slowly becoming less friendly to manufacturing businesses. The challenges they faced began to affect their bottom line. Consequently, the company looked elsewhere for a new facility and found South Lynnwood. The owner described the City of Lynnwood as business friendly and has been happy with the synergies of residential and light-industrial uses in the neighborhood. He said, "residents keep eyes on facilities during non-business hours, which is a big help to preventing vandalism and break-ins."

Perspectives on the neighborhood

Interviewees offered some important perspectives on the neighborhood and its development. These included:

- Challenges and issues to business operations
- Concerns / opportunities of zoning changes
- Changes to density

Most interviewees said they have experienced minor disturbances to their businesses and properties. They indicated that vandalism and homeless people sleeping on their properties occurred occasionally but have not resulted in any major issues. They said other businesses have been a nuisance at times, particularly automotive shops. They leave damaged automobiles parked on the street for long stretches of time, eliminating parking spaces for customers or employees. Some also noted that many of the local streets are used to test out newly repaired automobiles, creating issues of speeding and noise pollution.

Some businesses were genuinely concerned about changes to zoning. They mostly feared the loss of light industrial space to more profitable uses such as office or residential development,

which might force them to relocate. This was especially true for those businesses that lease space rather than own. Landowners were generally less concerned as changes to zoning, as it might raise the value of their properties or offer other business opportunities. However, most businesses said they were dedicated to their existing businesses or tenants and have no reason to seek out a different zoning.

In terms of changes to the density of the neighborhood, most interviewees welcomed any changes. Most businesses viewed residential density as a positive change which could bring added security to the neighborhood, with more eyes on their businesses during non-working hours and more foot-traffic which could provide some mixed-use opportunities to their businesses, provided zoning would allow it. There were some concerns about parking issues increasing with density and about light rail increasing the presence of homelessness in the neighborhood, but they indicated that these were minor concerns for them.

Growth and economic development

Most businesses did not offer any specifics about how they want to grow or what they need. Many indicated that they had planned for growth in their existing facilities or just want to remain steady with their operations. For their hiring needs, some have engaged Edmonds Community College to find employees, working with the Associates degree programs. Others have used local workforce agencies for administrative staff. However, most said they rely on word of mouth for their hires, which they said resulted in more reliable, long-term employees. Many also said that generally they have had a hard time finding skilled, reliable workers who meet their hiring needs.