



City of Monroe  
**INDUSTRIAL LANDS Market Profile**

July 10, 2018

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# Project Background

# Industrial Lands Background

## Introduction

The City of Monroe is currently conducting a citywide zoning code rewrite based on their 2015/16 Comprehensive Plan Update. The zoning code rewrite includes changes being considered for the City's light industrial zoned area (LI Zone). The LI zone currently allows for a similar mix of uses and activities as other commercially zoned areas within the City. The City is considering changes to the LI Zone to restrict uses and limit commercial and other non industrial activity. As part of this process, the City desires an objective market assessment of the LI zone and the potential demand for industrial and non industrial uses there.

## Technical Approach

CAI is assembling a baseline of information to inform an economic understanding of the City's light industrial zoned area. The data and analysis provide an overview of industrial land use and industry locally and regional. The analysis also provides context for the role of industrial lands in the local and regional economy.

Analytics are organized into the following sections:

### Industrial Market Overview

Review of employment and industry data and trends related to industrial land use as well as a parcel level review of industrially zoned areas in Monroe.

### Real Estate Market

An assessment of real estate metrics and trends both locally and regionally.

### Demand Assessment

A review and assessment of growth forecasts, regional trends and challenges and opportunities facing industrial land use in Monroe.

## Key Tasks

### Market Data and Profile

- > Inventory businesses
- > Profile the industrial area
- > Identify vacant land and parcels potentially suitable for infill and redevelopment.
- > Assemble real estate market indicators
- > Review current and proposed zoning for industrial and commercial areas

### Demand Assessment

- > Review forecasts for the area
- > Assess the study area's role in the regional marketplace
- > Identify industry specific trends regionally that may impact Monroe
- > Identify opportunities and challenges related to future development and market demand for the study area.

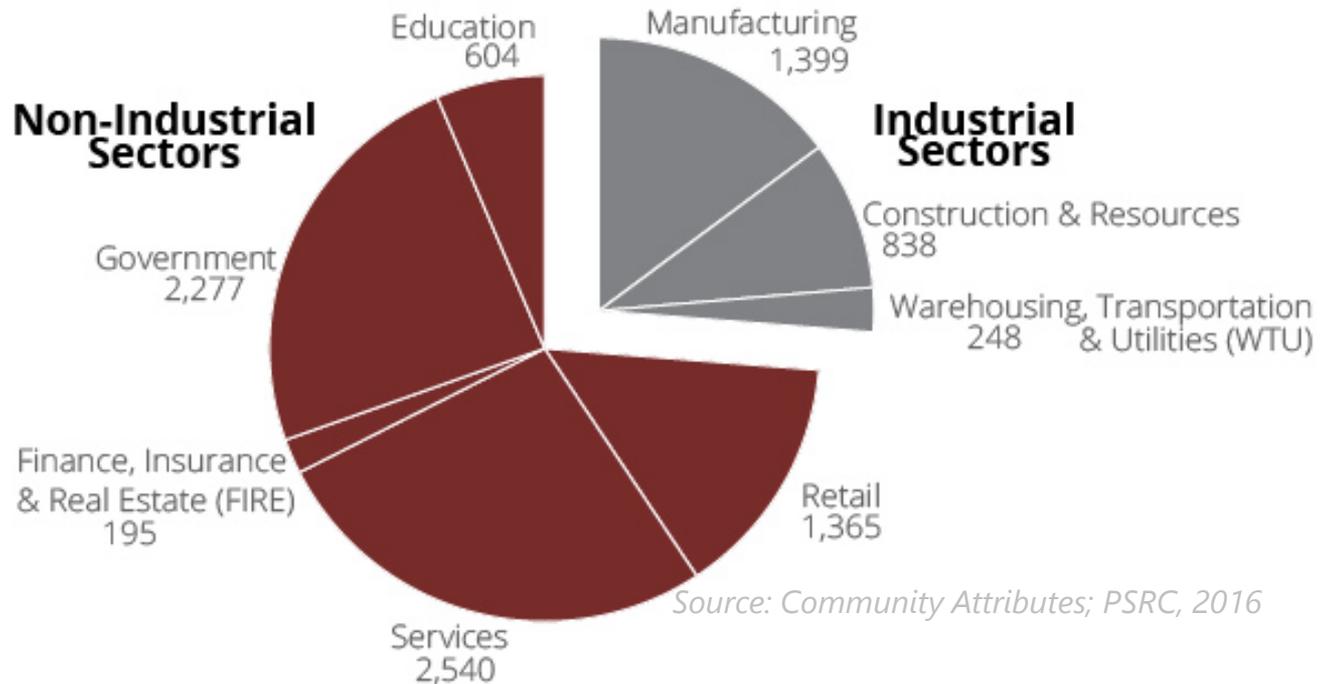
# Industrial Market Overview

# Market Overview

- > Monroe had **9,466 jobs in 2016** - with more than a quarter (2,484) industrial. Strong recovery in recent years in industrial sector (Construction/Resource; Manufacturing; WTU) employment.
- > Greater concentration of industrial employment than the County (23%). Monroe is most **similar to Marysville in sectoral composition** & jobs numbers, though with more government employment due to Correctional facilities. Combined industrial sector employment has rebounded by 66% since 2010.
- > 66% (1,632) of Monroe's industrial employment – and 24% of all employment – is located in **Monroe Industrial Park**. North Kelsey, Monroe Correctional Complex, Evergreen Health, and Main Street / downtown are other employment centers.
- > Monroe Industrial Park (MIP) is predominantly industrial uses – about 70 percent by employment – only 30% “non-industrial” by PSRC sector definition. A number of strong industrial agglomerations present – such as **Fixtures / Cabinetry; Metal Fab & Coating; Food & Bev Processing; Construction & Equipment; Custom Automotive Fabrication**.
- > Many non-industrial uses in MIP typical of industrial zones throughout the region, and reflect current allowable uses – **public storage** (three within the Industrial Park); **churches; auto repair, gyms**. Retail and restaurants concentrated along Fryelands Blvd.
- > Industrial zones in Monroe **enjoy strong assets** – including a lack of environmental constraints, large regular parcels, zoning certainty, infrastructure, location, healthy industry agglomerations, good buffering from residential land uses - and **locational advantages** – located along Hwy 2, Burlington-Northern Santa Fe's (BNSF) mainline, access to mass transit, and air service at First Air Field airport.
- > Improvement (buildings, garages, etc.) values more than triple land values on Monroe LI parcels (on average). Space utilization per employee by industry is similar to the region. **Employment density is higher** than regional averages for Monroe industrial uses.
- > **Possible shortage of developable land** in Monroe Industrial Park. Industrial erosion possibly occurring on west side of MIP along Fryelands Boulevard. This could potentially affect zoning certainty elsewhere in MIP.

# Market Overview: Monroe Industry Composition

Exhibit 1. Employment Estimates by Sector, Monroe, 2017

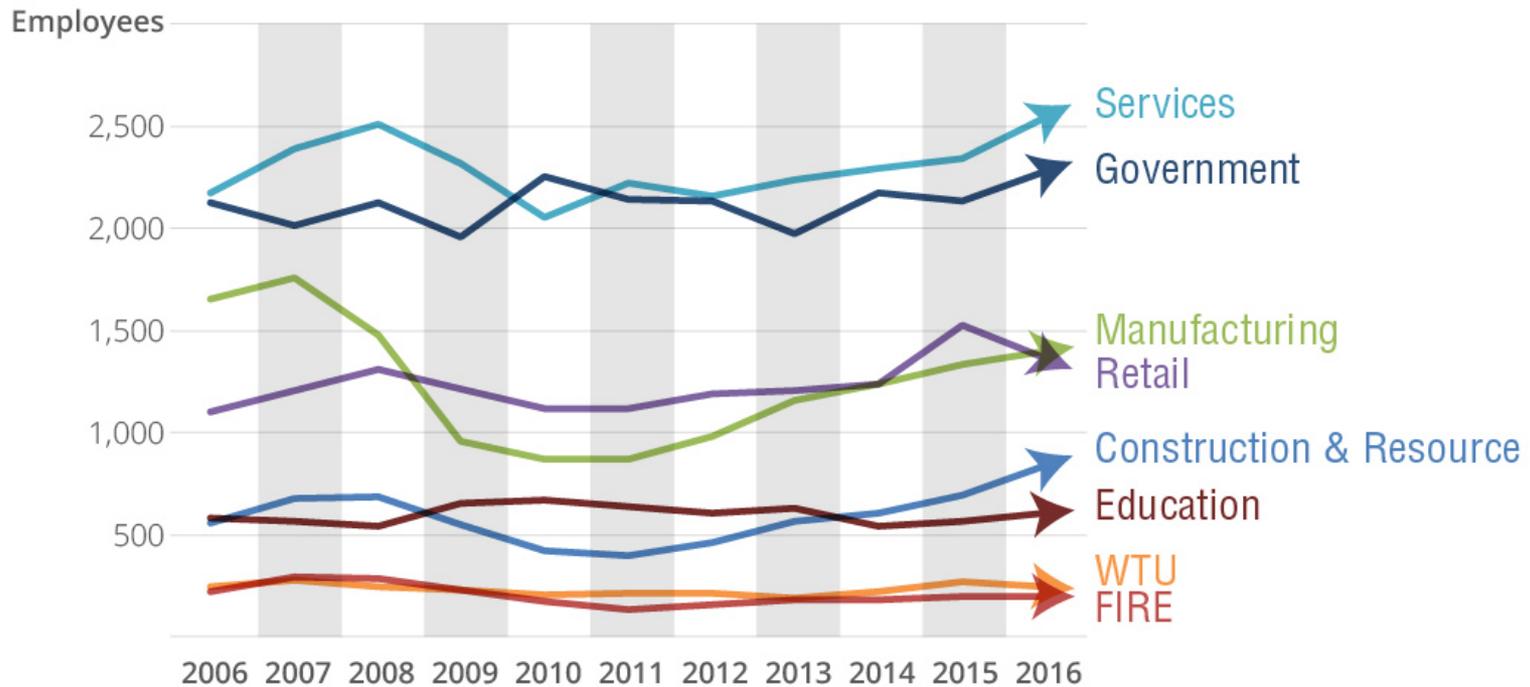


- > In 2016, there were **9,466** jobs in Monroe, over one quarter of which (26%, 2,485) were in industrial sectors\*

\*For this analysis, "industrial sectors" are represented by PSRC Major Sector groupings: Manufacturing (NAICS 31-33), Construction & Resources (NAICS 11, 21, 23), and Warehousing, Transportation & Utilities (WTU) (NAICS 22, 42, 48, 49)

# Market Overview: Monroe Employment Trends

Exhibit 2. Employment by Industry Over Time, Monroe, 2006-2016

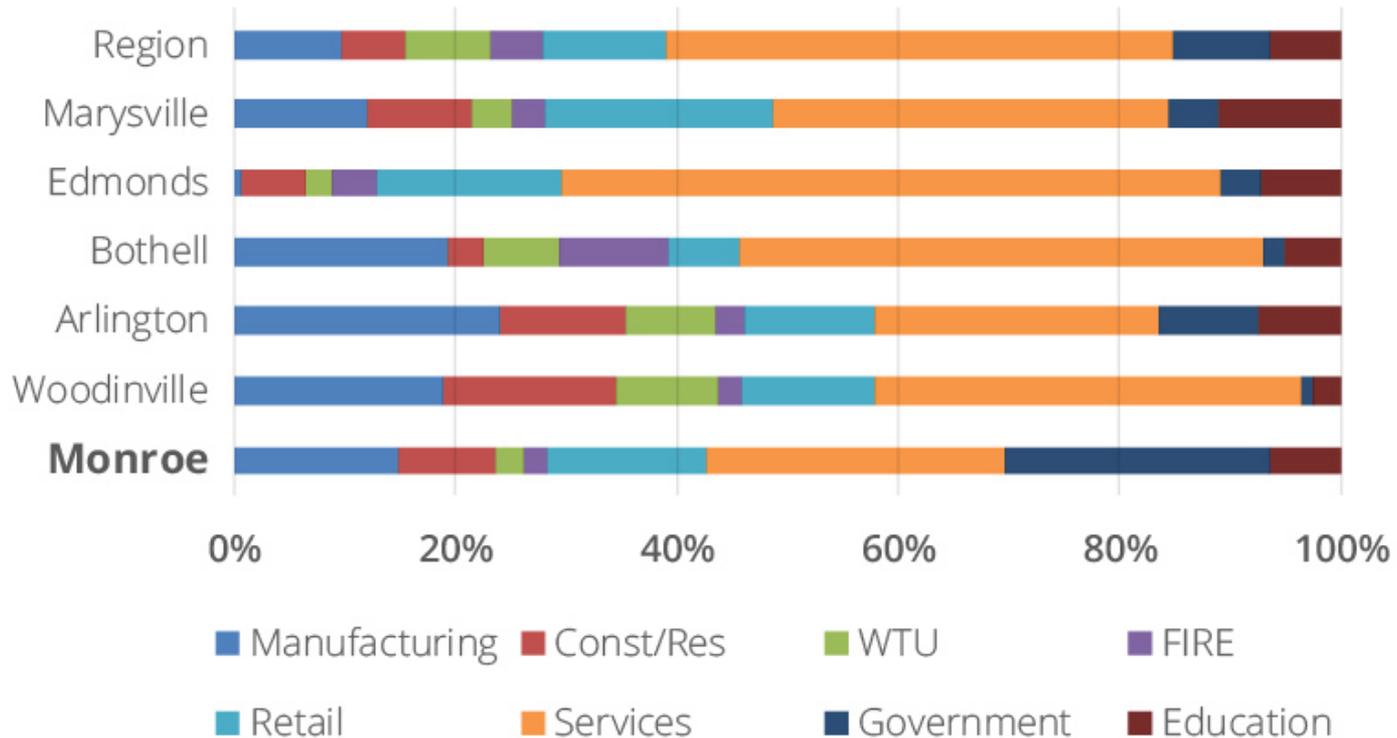


Source: Community Attributes; PSRC Covered Employment Estimates, 2006-2016

- > While sectors such as Government (including correctional), Education, and FIRE weathered the Great Recession and its aftermath, the Manufacturing and Construction & Resource sectors have only recently rebounded to near pre-recession levels with strong growth.

# Market Overview: Comparison Cities Industry Composition

Exhibit 3. Industry Composition, Monroe & Comparison Cities, 2017



Source: Community Attributes; PSRC Covered Employment Estimates, 2016

- > With the Monroe Correctional Complex, the city has a greater percentage of Government employment (24%) than comparison cities and the region. Industrial sector employment outpaces the 4-County Region, as well as Edmonds and Marysville.

# Market Overview: Monroe Industrial Zones

Exhibit 4. Industrial Zoning, Monroe, 2018

- > General Industrial (GI) & Light Industrial (LI) zones account for **228 acres** – only 5.5% of Monroe's total zoned land area (4,121 ac total)

## Monroe Industrial Lands Profile

### Monroe Base Zoning

-  City Limits
-  Urban Growth Area
-  Lakes, Rivers & Water Features
-  Rail Lines

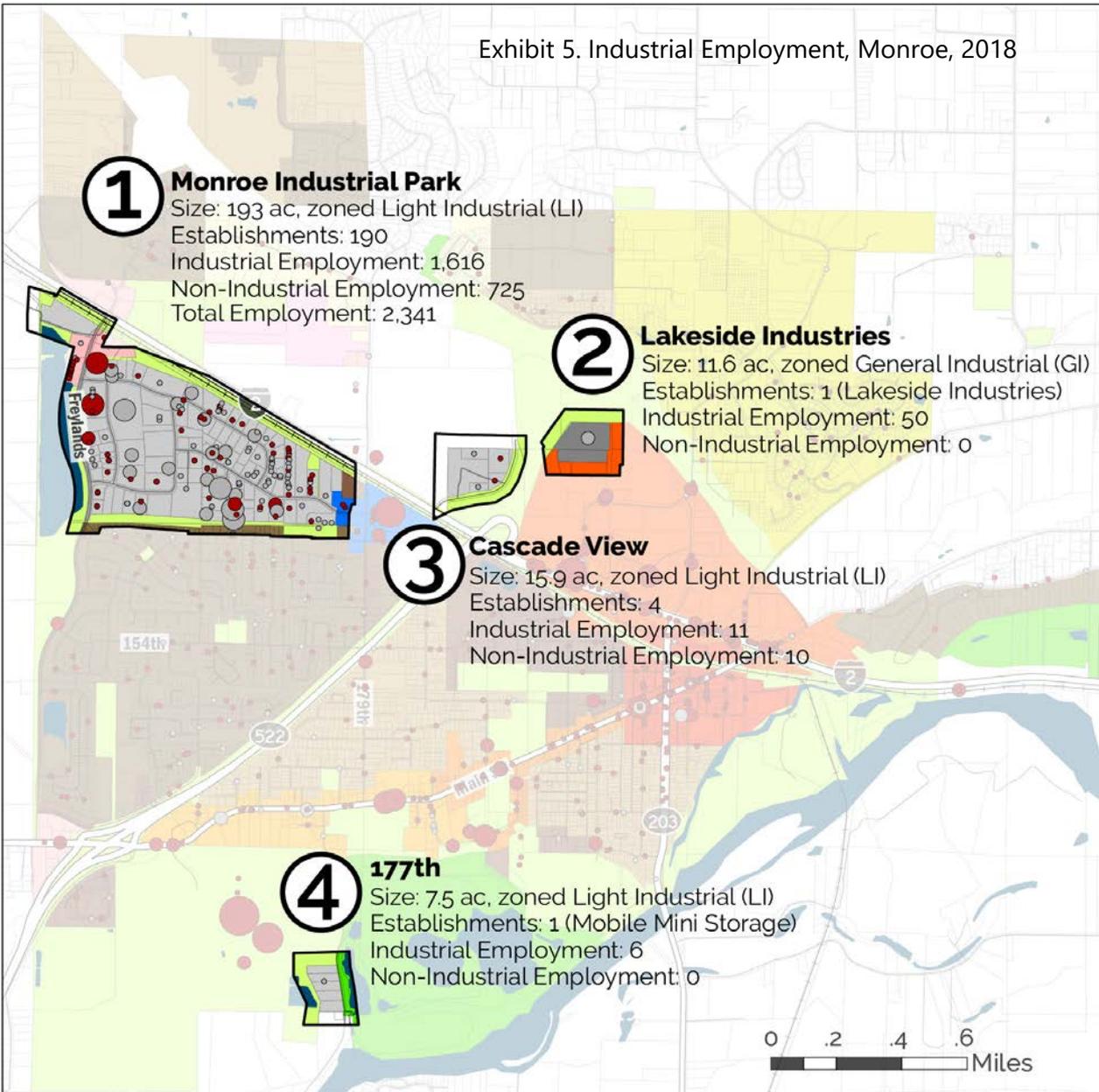
### Monroe Zoning

-  Downtown Commercial
-  General Commercial
-  General Industrial
-  Light Industrial
-  Limited Open Space
-  Limited Open Space - Airport
-  MF Residential
-  Mixed Use Commercial
-  Mixed Use Nhood Commercial
-  Professional Office
-  Public Open Space
-  Residential - 4 units / acre
-  Service Commercial
-  Suburban Residential
-  Urban Residential
-  Urban Residential

Source: City of Monroe, 2013; Community Attributes; Snohomish County, 2018

# Market Overview: Monroe Industrial Zones

Exhibit 5. Industrial Employment, Monroe, 2018



> Monroe Industrial Park alone contains **66%** of Monroe's industrial employment\* and **24%** of all City employment

## Monroe Industrial Lands Profile

### Monroe Industrial Zones

- Industrial Zone
- Lakes, Rivers & Water Features
- Rail Lines

### Employment by Establishment, 2018

#### Industrial Sectors\*

- 0 - 19 Employees
- 20 - 80 Employees
- 81 - 160 Employees
- 161 - 400 Employees
- 401 - 1,000 Employees

#### Non-Industrial Sectors

- 0 - 19 Employees
- 20 - 80 Employees
- 81 - 160 Employees
- 161 - 400 Employees
- 401 - 1,000 Employees

\* For this study, "Industrial Sectors" include PSRC Major Sectors: Manufacturing; Construction & Resources; WTU  
 Source: Hoover's, 2018; Community Attributes; Snohomish County, 2018

# Market Overview: Industries & Jobs *Business Inventory*

Exhibit 6. Summary of Business Establishments (Hoovers), Monroe, 2018

<b>PSRC Major Sector</b>	<b>Establishments</b>	<b>Employment</b>	<b>Total Facility Area (sf)</b>	<b>Avg Age of Businesses</b>	<b>Total Sector Revenues (\$USD, millions)</b>
Construction & Resources	248	773	400,235	14	\$102.8
Manufacturing	95	1,272	1,015,970	22	\$133.5
WTU	123	398	445,871	14	\$97.3
<b><i>Subtotal - Industrial Sectors</i></b>	<b><i>466</i></b>	<b><i>2,443</i></b>	<b><i>1,862,076</i></b>	<b><i>N/A</i></b>	<b><i>\$333.6</i></b>
Retail	168	1,295	582,719	14	\$89.9
Services	822	3,626	1,970,230	29	\$184.0
Education	35	409	163,318	49	\$2.3
Government	22	1,769	298,102	30	\$0.0
FIRE	105	371	297,542	11	\$14.4
<b><i>Subtotal - Non-Industrial</i></b>	<b><i>1,152</i></b>	<b><i>7,470</i></b>	<b><i>3,311,911</i></b>	<b><i>N/A</i></b>	<b><i>\$290.5</i></b>
<b>Total</b>	<b>1,618</b>	<b>9,913</b>	<b>5,173,987</b>	<b>N/A</b>	<b>\$624.1</b>

Source: Community Attributes, 2018; Hoovers, 2018. NOTE: Hoovers employment figures differ slightly from PSRC estimates.

# Market Overview: Industries & Jobs *Business Inventory*

Exhibit 7. Business Inventory, Monroe, 2018

## Monroe Industrial Lands Profile Monroe Business Inventory

- City Limits
- Urban Growth Area
- Lakes, Rivers & Water Features
- Rail Lines

### Employment by Industry, 2018

#### Circle Size - Number of Employees

- 0 - 19 Employees
- 20 - 80 Employees
- 81 - 160 Employees
- 161 - 400 Employees
- 401 - 1,000 Employees

#### Circle Color - Industry (PSRC Major Sector)

- | Non-Industrial                                                                                                                                       | Industrial                                                                                                                                                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <span style="display: inline-block; width: 20px; height: 20px; background-color: #4a7ebb; border-radius: 50%; margin-right: 5px;"></span> Education  | <span style="display: inline-block; width: 20px; height: 20px; background-color: #8b6914; border-radius: 50%; margin-right: 5px;"></span> Construction & Resources |
| <span style="display: inline-block; width: 20px; height: 20px; background-color: #002d62; border-radius: 50%; margin-right: 5px;"></span> Government | <span style="display: inline-block; width: 20px; height: 20px; background-color: #800080; border-radius: 50%; margin-right: 5px;"></span> Manufacturing            |
| <span style="display: inline-block; width: 20px; height: 20px; background-color: #00ff99; border-radius: 50%; margin-right: 5px;"></span> FIRE       | <span style="display: inline-block; width: 20px; height: 20px; background-color: #808080; border-radius: 50%; margin-right: 5px;"></span> WTU                      |
| <span style="display: inline-block; width: 20px; height: 20px; background-color: #ff0000; border-radius: 50%; margin-right: 5px;"></span> Retail     |                                                                                                                                                                    |
| <span style="display: inline-block; width: 20px; height: 20px; background-color: #ffcc00; border-radius: 50%; margin-right: 5px;"></span> Services   |                                                                                                                                                                    |

Source: Hoover's, 2018; Community Attributes; Snohomish County, 2018

# Market Overview: Industries & Jobs *Industrial Employment Detail*

Exhibit 8. Top Industrial Establishments, by Employment, in Monroe (Hoovers)

<b>Company Name</b>	<b>Employment</b>	<b>Revenues (\$USD, millions)</b>
Senior Operations LLC DBA Damar Aerosystems	160	\$41.9
Tji II, LLC	160	\$0.5
Canyon Creek Cabinet Company	159	N/A
Merrill Corporation	130	N/A
State Roofing, Inc.	75	\$10.6
Ocean Beauty Seafoods LLC	60	N/A
Milne Electric, Inc.	50	\$9.6
Lakeside Industries, Inc.	50	N/A
Rhino Manufacturing Inc.	50	\$30.2
Ppr Industries Corporation	44	\$7.0
Brownfield Manufacturing, Inc.	40	\$6.0
Hawk Mechanical Contractors, Inc.	35	\$11.6
Wet Noses Natural Dog Treat Company, Inc	33	\$7.4
Rich Brothers Constructors, Inc.	28	\$0.2
The H E Johnson Co	27	\$1.7

*Source: Community Attributes, 2018; Hoovers, 2018. NOTE: Hoovers employment figures differ slightly from PSRC estimates.*

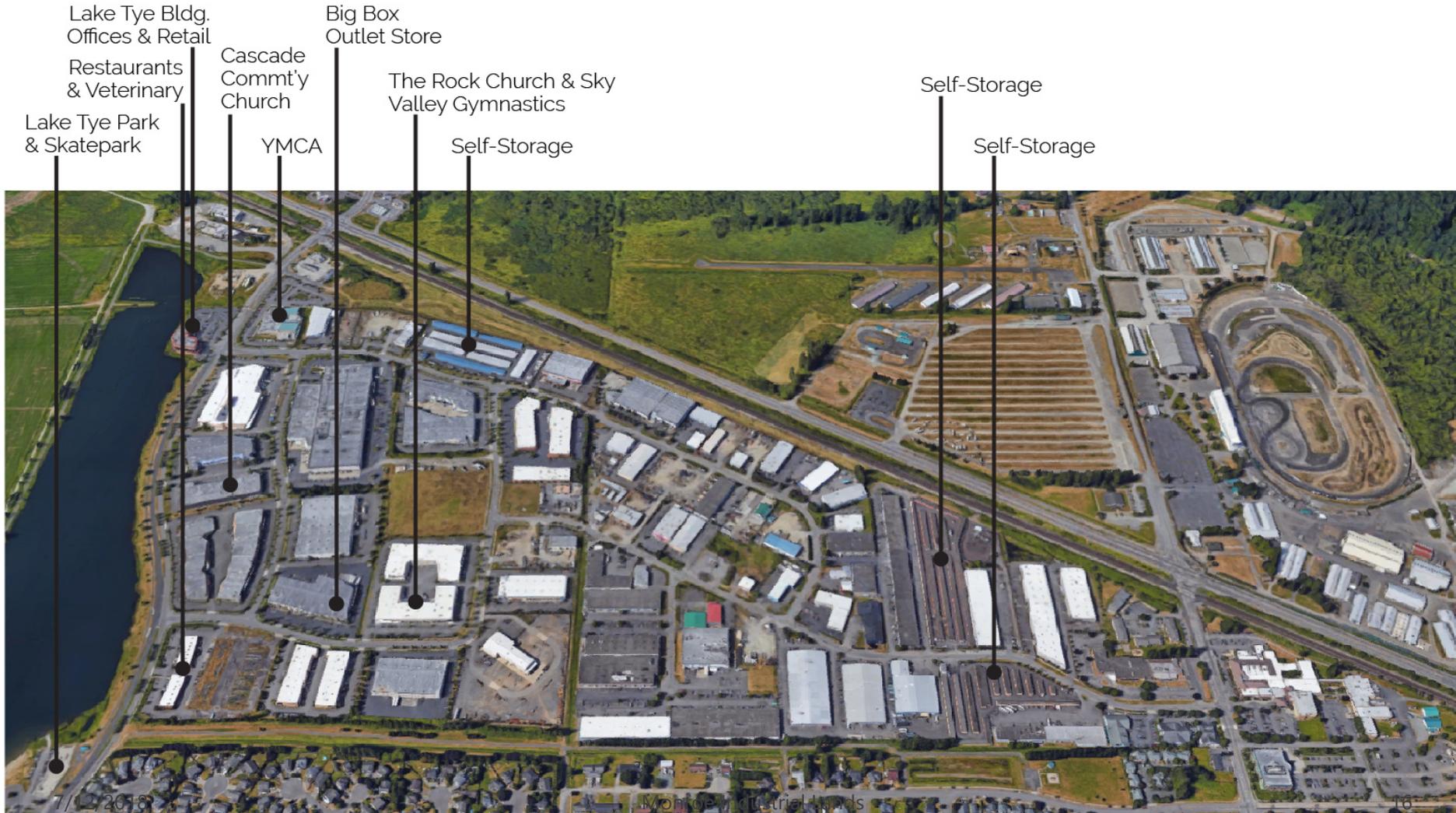
# Market Overview: Industries & Jobs *Industrial Employment Detail*

Industrial agglomerations present in the Monroe Industrial Park include:

- > **Fixtures / Cabinetry & Millwork:** Seattle Cabinet & Millwork, Monroe Door & Millwork, Canyon Creek Cabinets, Moulding & Millwork, Barn Pros, Game Cabinets, Spencer Cabinets, Alpine Cabinet
- > **Boat Building & Related:** Ranger Tugs, Cutwater Boats, Werner Paddle
- > **Metal Fabrication & Coating:** Thermo Tech, Rhino Mfg, Metal Tech, Damar Aerosystems, Microprecision Calibration, Rainbow Metals, Toolcraft
- > **Health & Wellness Products Mfg:** Natural Factors health products mfg, Cascade Grooming Products, Wet Noses dog treats
- > **Food & Beverage:** Dreadnought Brewing, Wet Noses dog treats, Pasano Syrups, Ocean Beauty Seafoods
- > **Construction & Equipment:** NC Machinery Heavy Equip., Earthbound Holddowns, Keller Plumbing Supply, Steve Rhunke Construction, European Stoneworks, Caster Solutions Material Handling Equip., Janes Gypsum Floors, Platt Electric
- > **Aerospace:** Damar Aerosystems, Microprecision Calibration
- > **Custom Automotive Fabrication:** Mainly Muscle Cars, Automotive Velocity, E.O. Performance, Moslander Rod and Custom, Pacific Diesel Service, Snohomish Transmission, Guerilla Tactics Automotive, Longacre Racing Products
- > **Promotional Products & Fixtures:** The Coop, Morris Magnets, Image Mill

# Market Overview: Industries & Jobs *Industrial Employment Detail*

About **30%** of jobs in Monroe Industrial Park are in **"non-industrial" sectors**. Many of these activities are typical of industrial zones - including churches, self-storage, gyms, & equipment rental & repair - due to large space needs. Retail and restaurant activity is concentrated along Fryelands Blvd.



# Market Overview : Parcel Review *Industrial Park Land Use*

Exhibit 9. Industrial Park Land Use, Monroe, 2018



## Monroe Industrial Lands Profile Industrial Park Detail: Land Use

- Residential
- Non Residential Structure
- Other Printing & Publishing NEC
- Other Miscellaneous Manufacturing NEC
- Airports & Flying Fields
- Automobile Parking (Lot)
- Electric Utility
- Other Retail Trade NEC
- Other Retail Trade - Food NEC
- Gasoline Service Stations
- Other Retail Trade-Auto, Marine, Aircraft NEC
- Eating Places (Restaurants)
- Drug & Proprietary
- Warehousing & Storage Services
- Mini-Warehouse
- Other Business Services NEC
- Medical & Other Health Services
- Other Professional Services NEC
- Executive, Legislative & Judicial Functions
- Religious Activities (Churches Synagogues Etc.)
- Parks, Recreation, Fairgrounds
- Undeveloped (Vacant) Land
- Water Retention Area

Source: Snohomish County Assessor, Community Attributes, 2018

# Market Overview : Parcel Review *Key Transportation Infrastructure*

Exhibit 10. Transportation Infrastructure, Monroe, 2018

**BNSF Scenic Subdivision**  
Class I Freight Rail Mainline &  
Amtrak Empire Builder

**First Air Field**  
Class D Regional Airport

**Monroe Park n' Ride**

- > Industrial uses in Monroe enjoy excellent transportation access including a state highway, Class I freight rail mainline, and a regional airport.

## Monroe Industrial Lands Profile Monroe Transportation Assets

-  BNSF Mainline
-  Monroe Bus Routes
-  Monroe Bus Stops
-  Monroe Park n' Ride

## WA Freight & Goods Transportation System (FGTS) Corridor Classification

-  T-1: more than 10 million tons per year
-  T-2: 4 million to 10 million tons per year
-  T-3: 300,000 to 4 million tons per year
-  T-4: 100,000 to 300,000 tons per year

Source: City of Monroe, 2013; Community Attributes; Snohomish County, 2018; WSDOT 2018



# Market Overview : Parcel Review *Industrial Zone Parcel Attributes*

Exhibit 11. Parcel Attributes by Industrial Zone, Monroe, 2017

<b>Monroe Industrial Zone</b>	<b>Number of Parcels</b>	<b>Avg. Parcel Size</b>	<b>Avg. Improvement Value</b>	<b>Avg. Land Value</b>	<b>Average Total Value</b>
Light Industrial (LI)*	104	1.8	\$ 1,795,968	\$ 541,152	\$ 2,337,120
General Industrial (GI)	3	5.9	\$ 249,433	\$ 870,600	\$ 1,120,033

\* Does NOT include seven tax-exempt parcels totaling \$9,589,000 total market value.

<b>Monroe Industrial Zone</b>	<b>Total Parcel Area (ac)</b>	<b>Sum of Improvement Value</b>	<b>Sum of Land Value</b>	<b>Sum of Total Value</b>
Light Industrial (LI)*	185.9	\$ 179,078,800	\$ 57,210,800	\$ 236,289,600
General Industrial (GI)	19.8	\$ 748,300	\$ 2,611,800	\$ 3,360,100
<b>Total</b>	<b>205.7</b>	<b>\$ 179,827,100</b>	<b>\$ 59,822,600</b>	<b>\$ 239,649,700</b>

\* DOES include seven tax-exempt parcels totaling \$9,589,000 total market value.

Source: Snohomish County Assessor, 2017; Community Attributes, 2018

# Market Overview : Land Utilization *Space Utilization by Sector*

Exhibit 12. Space Utilization by PSRC Major Sector, Monroe, 2018

<b>PSRC Major Sector</b>	<b>Total Employment</b>	<b>Total Facility Area (sf)</b>	<b>Facility Area per Employee (sf / emp.)</b>
Construction & Resources	773	400,235	518
Manufacturing	1,272	1,015,970	799
WTU	398	445,871	1,120
<b><i>Subtotal - Industrial Sectors</i></b>	<b><i>2,443</i></b>	<b><i>1,862,076</i></b>	<b><i>762</i></b>
Retail	1,295	582,719	450
Services	3,626	1,970,230	543
Education	409	163,318	399
Government	1,769	298,102	169
FIRE	371	297,542	802
<b><i>Subtotal - Non-Industrial</i></b>	<b><i>7,470</i></b>	<b><i>3,311,911</i></b>	<b><i>443</i></b>
<b>Total</b>	<b>9,913</b>	<b>5,173,987</b>	<b>522</b>

Source: Hoover's, 2018; Community Attributes, 2018

# Market Overview : Land Utilization *Employment Density on Occupied Land*

Exhibit 13. Employment Densities by Industrial Zone, Occupied Land, Monroe, 2017

<b>Monroe Industrial Zone</b>	<b>Occupied</b>		<b>Total</b>	<b>Employment Density, Occupied Land (Employees Per Acre)</b>
	<b>Total Parcel Area (ac)</b>	<b>(Non-Vacant) Parcel Area*</b>	<b>Employment (All Sectors)</b>	
Light Industrial (LI)	185.9	165.0	2,368	14.4
General Industrial (GI)	19.8	19.8	50	2.5
<b>Total</b>	<b>206</b>	<b>185</b>	<b>2,418</b>	<b>13.1</b>

*Snohomish County Assessor land use codes utilized for vacant site identification as physical vacancy may not reflect economic utilization of parcel.*

*Source: Snohomish County Assessor, 2017; Hoover's, Community Attributes, 2018*

# Market Overview : Land Utilization *Physically Vacant & Underutilized Land*

An assessment of **physical vacancy and underutilization** reveals parcels with lower barriers to redevelopment than those with higher-value physical improvements (primary structures, garages & utilities).

For this study, the following ratios of improvement values to parcel area were used to identify physically vacant and underutilized parcels located within Monroe's industrially-zoned areas:

**Vacant:** \$0 - \$.001 Improvement Value per Square Foot of parcel area

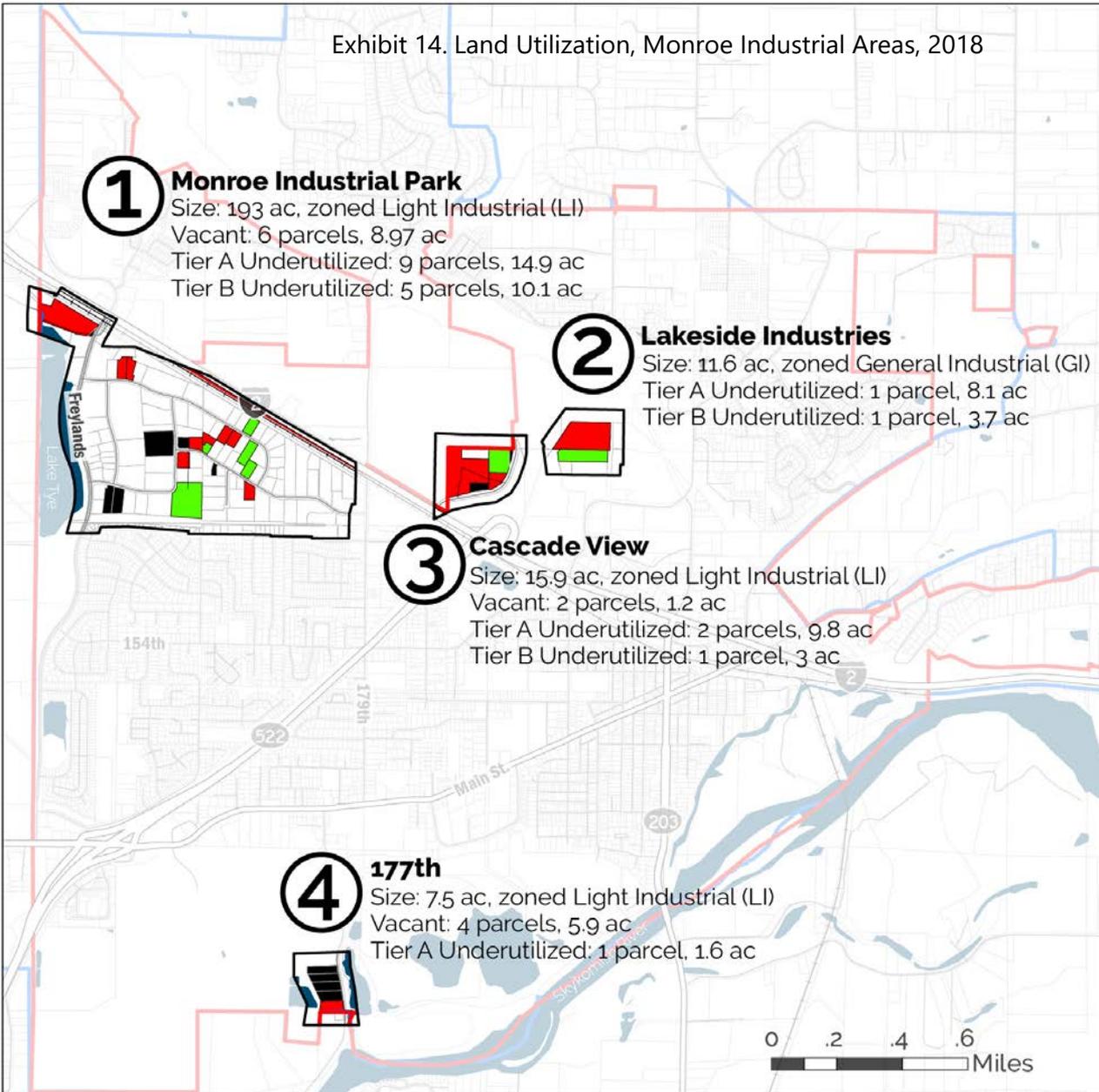
**Tier A Underutilized:** \$.001 - \$.2.50 Improvement Value per Square Foot of parcel area

**Tier B Underutilized:** \$2.51 - \$5.00 Improvement Value per Square Foot of parcel area

*Note that other factors may constrain future development or redevelopment of parcels - including environmentally critical areas, land-banking, required public facilities and infrastructure development, and anomalous market factors.*

# Market Overview : Land Utilization *Physically Vacant & Underutilized Land*

Exhibit 14. Land Utilization, Monroe Industrial Areas, 2018



- > Despite physical vacancy or potential underutilization, many parcels with little to no physical improvements nonetheless generate substantial economic benefit, and may not redevelop.

## Monroe Industrial Lands Profile Physical Vacancy & Underutilization



Source: Community Attributes; 2018; Snohomish Assessor, 2017

# Real Estate Market

## **What is included in this section?**

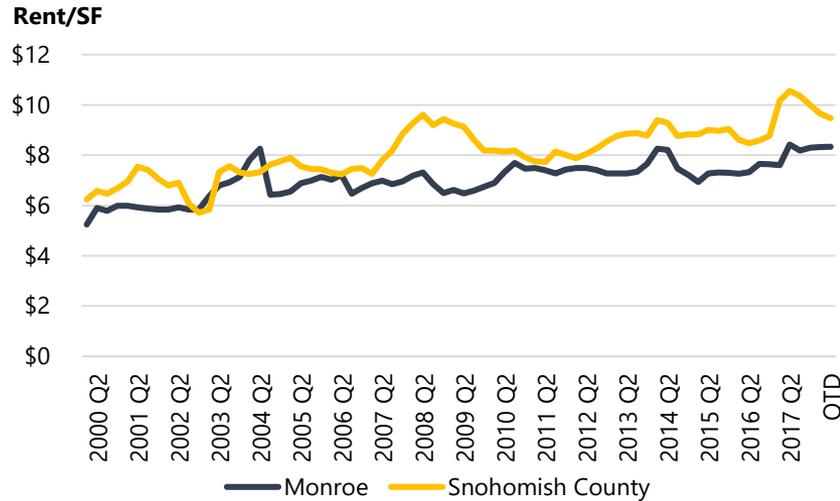
This section provides key real estate indicators for industrial uses in Monroe and the region. The data illustrate trends in the following indicators since the year 2000.

- > Lease Rates
- > Vacancy Rates
- > Net Absorption
- > Inventory and Development history

In addition, the section provides a review of current zoning regulations in the City's industrially zoned areas.

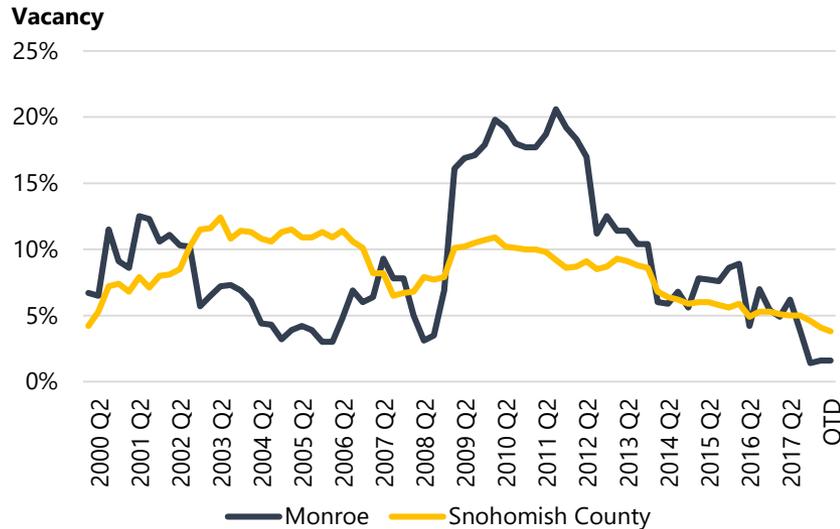
# Real Estate Market – Key Indicators

Exhibit 15. Industrial Rents, Monroe and Snohomish County, 2000-2018



- > Industrial rents are lower on average in Monroe than found regionally.
- > Rents have consistently trended upwards, with a significant increase since 2015, rising in Monroe while rents have fallen regionally in Snohomish County.
- > Mirroring trends in rents, vacancy rates have declined consistently since 2010, reaching extremely low levels in 2017.

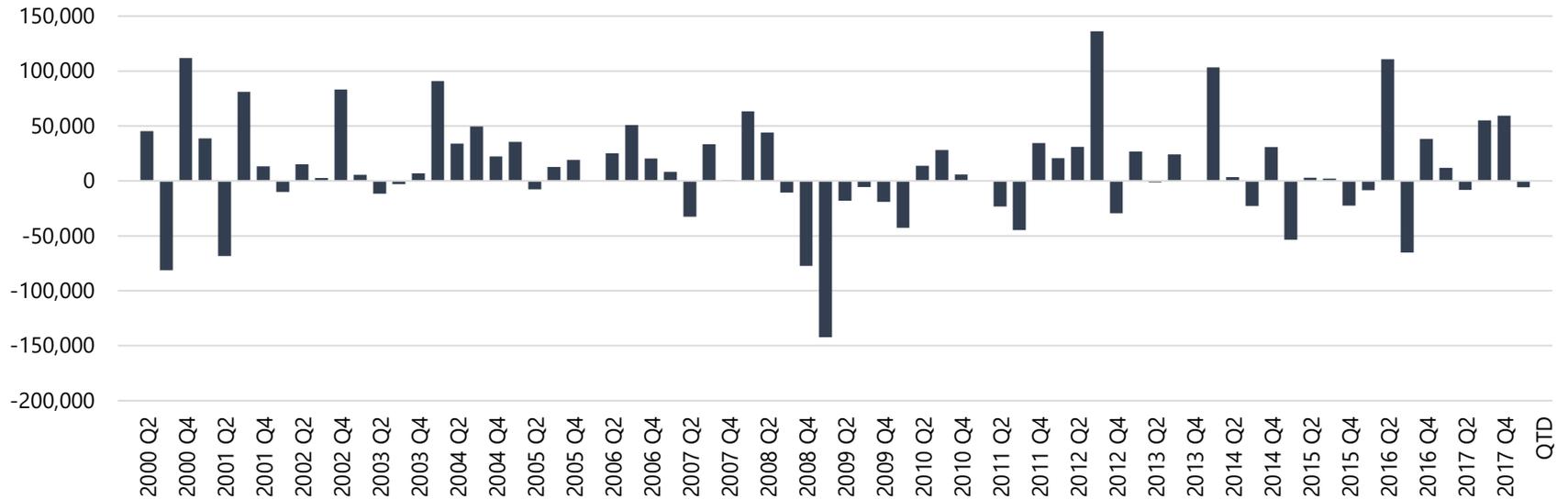
Exhibit 16. Industrial Vacancy Rates, Monroe and Snohomish County, 2000-2018



Source: CoStar, 2018

Exhibit 17. Net Industrial Absorption, Monroe, 2000-2018

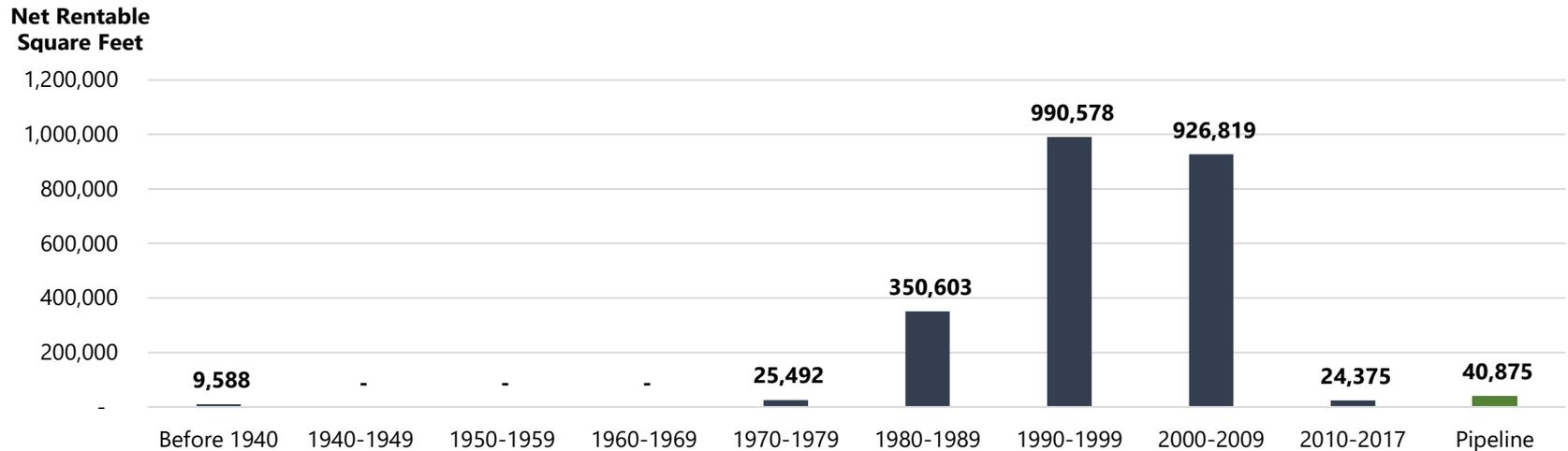
**Square Feet**



Source: CoStar, 2018

- > Since the beginning of 2013, the City of Monroe has absorbed a net total of 280,370 square feet of industrial and flex space.

Exhibit 18. Industrial Development History, Monroe, 2000-2018



- > The majority of industrial inventory in Monroe was development between 1990 and 2010
- > Of the approximately 2.4 million square of leasable industrial space in Monroe, 2 million is considered warehousing space

Source: CoStar, 2018

# Real Estate Market – Zoning

Exhibit 19. Existing Industrial Zoning Review, City of Monroe

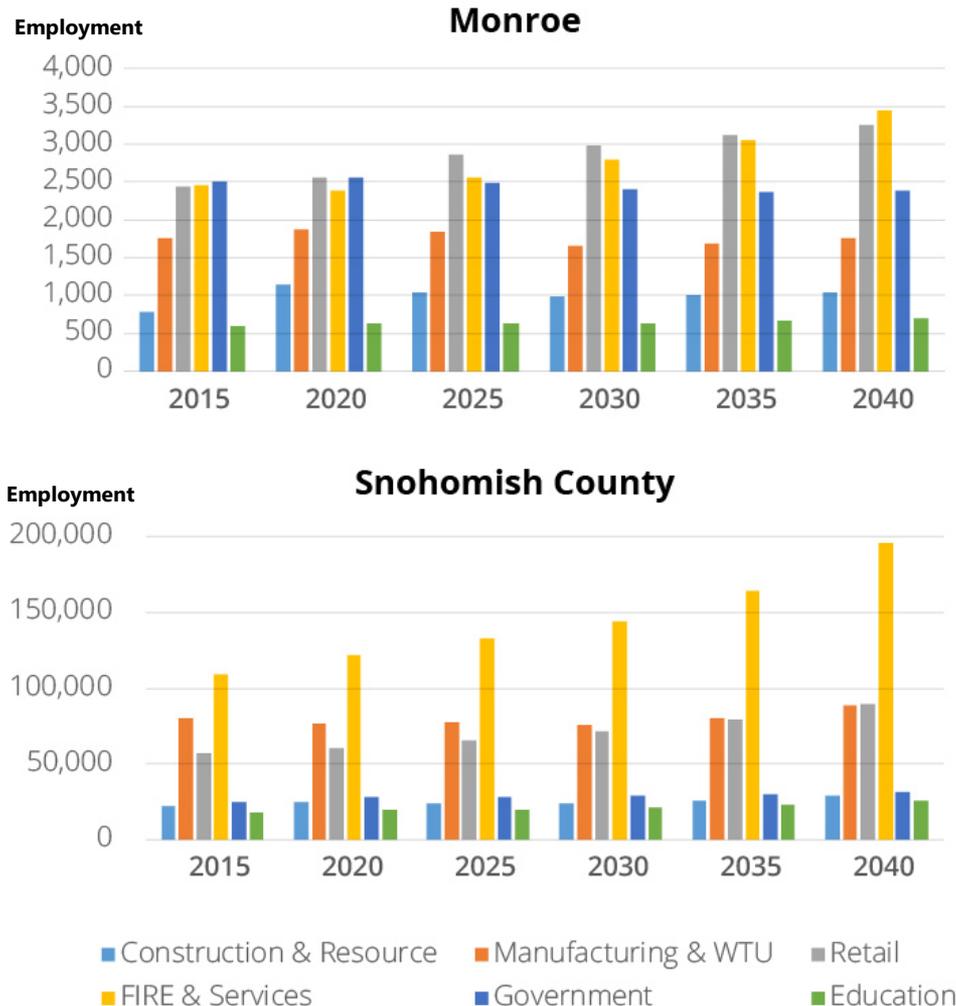
	<b>Permitted Uses</b>	<b>Conditional Uses</b>	<b>Minimum Lot Size</b>	<b>Max Lot Coverage</b>	<b>Max Height</b>
<b>Light Industrial (LI)</b>	Many industrial uses, fire stations, non-hospital health services, utility services, many retail and commercial uses (including art galleries, breweries, restaurants, grocery stores, general retail stores), most services, adult entertainment, indoor shooting ranges	Government facilities, schools, animal shelters, asphalt plants, wrecking yards, recycling centers, tow truck operations, kennels	6,000 sf	85%	35 feet
<b>Differences in General Industrial (GI)</b>	Health services, art galleries, service stations, hardware stores, home improvement centers, major auto repair not allowed in GI. Religious institutions are conditional in GI.	Schools are not allowed in GI. (But preschools are conditional) Asphalt plants are allowed.	None	None	35-45 feet
<b>Notes</b>	<ul style="list-style-type: none"> <li>• Footnote for outdoor storage references ADU regulations, should link to a different footnote regarding buffering and fencing for outdoor storage.</li> <li>• Retail uses not allowed in either LI or GI: secondhand stores, taverns, drug stores, department stores, convenience stores</li> </ul>				

- > The Light Industrial (LI) designation currently allows for flexibility in the types of industrial and non industrial activities permitted.
- > Although the district allows for flexibility in what types of non-industrial uses are permitted, retail uses are generally limited to specific corridors in the City’s LI zone.

# Demand Assessment

# Demand Assessment: Forecast Growth by Major Sector, 2015-2040

Exhibit 20. Forecast Growth by Industry, Monroe and Snohomish County, 2015-2020



> While growth in FIRE, Retail, and Services is expected to remain strong in both Monroe and Snohomish County, growth in the Manufacturing / WTU\* and Construction & Resources sectors is projected to plateau and even decline slightly in coming years in Monroe.

\* In PSRC forecast products the Manufacturing and WTU sectors are combined.

Source: PSRC LUV2 Forecast, 2018; Community Attributes, 2018

# Demand Assessment: Regional Comparison

Monroe's role and assets in the regional marketplace compared to other industrial areas is unique.

Exhibit 21. Monroe Regional Comparison

Industrial Area	Attributes	Role in Regional Economy
Monroe	Hwy 2 Corridor, BNSF mainline, regular, well-served industrial sites, well buffered	Ex- Suburban, general-purpose / mixed manufacturing node serving local area / Snohomish County. Several sub-sectoral agglomerations.
Woodinville-Maltby 522 Corridor	Anchors (Chateau St. Michelle, etc.) & 522 corridor / access to population centers	Construction & materials node (Maltby) and diverse manufacturing and WTU node (craft beverages sub-sector in Woodinville)
Arlington-Marysville MIC	Proximity to I-5, Paine Field Boeing Plant; much vacant land; regional airport	Emerging aerospace supply chain node proximate to Boeing & suppliers; currently underutilized; some development constraints
Everett / Paine Field MIC	Boeing plant & airport anchors; legacy Boeing workforce & logistics; I-5 & 525 access	NW region's major Boeing airplane manufacturing and delivery center, as well as supplier agglomeration; nearly built out
Canyon Park, Bothell	Class A Flex / Office / Lab facilities; UW & major industrial anchors (Philips, Seattle Genetics)	With SLU, a major high-tech / biotech and life sciences hub in the region – R&D, design, lab, mfg. Subarea planning in progress.

# Demand Assessment: Industry Trends

A number of trends reflected in industrial land use, policy, regulation, and industries throughout the region and nation may also have consequences for the future of Monroe's industrial zones. The following outlines those trends, organized into thematic groupings.

## Wine and Beverage Industry

- > Micro- and Nano-Brewery sectors approaching saturation in our region
- > Yet, production side of businesses being priced out of close-in industrial areas (i.e. Kenmore)

## Regionally Low Industrial Vacancy Rates

- > Buildout and absorption of industrial space along major corridors & nodes will increase pressure on suburban/exurban industrial inventory (i.e. AMMIC development pipeline)

## Snohomish County Aerospace Industry

- > Continued growth and demand for land in Snohomish County driven by continued strong growth and innovation in regional Aerospace supply chain

## Manufacturing

- > Large economic multiplier for manufacturing industries, yet increasing automation with decreasing employment density (though more in WTU than manufacturing)
- > On-shoring / re-shoring trend in U.S. manufacturing continues apace

## Workforce

- > Skilled workers continuing to migrate to more affordable housing in outlying areas like Monroe

## Urban Industrial Erosion

- > Upward residual land value pressure on industrial uses from non-industrial uses; reduction in zoning certainty and increased impacts (traffic, parking, pedestrians / bikers, impact complaints)

# Findings and Recommendations

The following represents findings and strategic recommendations for the City of Monroe to consider as it evaluates potential changes to its zoning and land use regulations pertaining to industrial areas and uses in the

City. The recommendations are based on the regional and local data collected and analyzed for the data deck as well as our own expertise in industrial land use and industry trends locally and regionally.

## Zoning and Regulatory Environment

The following recommendations relate to the zoning and regulatory environment in the City and include specific considerations regarding City policies, regulations and allowances for industrial uses.

- > Preservation of industrial land uses in the City versus allowances for commercial in industrial zones;
  - First, do no harm – preserve zoning certainty for industrial land uses to avoid speculation by the commercial real estate community, which can in turn lead to erosion of industrial land uses
- > Allowances for retail connected with production / warehousing / wholesaling functions
  - Consider allowing for retail but linking it directly to production/industrial uses
- > Promotion of “production” uses alongside limited retail component
  - Promote Monroe as a location for “production” uses, including as a location for breweries, wineries and small scale manufacturing
- > Consideration of a commercial “overlay” for a portion of the west side of the MIP
  - More closely align the western portion of the MIP with existing uses and limit non industrial uses to this area
- > There is limited capacity for future industrial growth
  - The City has limited areas for growth within the existing boundaries of its industrial zones

# Findings and Recommendations

## Industry Retention and Growth

The following recommendations relate to industry demand locally and regionally.

- > Monroe has a strong and diverse general industrial district with a manufacturing focus
  - There is diversity in the types of industrial activities occurring on industrial lands in Monroe and the City should work to preserve and promote this
- > Existing industry concentrations
  - There are industry concentrations within the City's MIP (see slide 15) that the City should strategize around for future growth and retention
- > Target sectors
  - Consider steps to identify and strengthen the City's target sectors through marketing, direct recruitment, biz dev services, etc.
- > Seattle/Closer-in market industrial demand driving market in markets like Monroe
  - Monroe has an advantage in terms of affordability and can absorb demand for affordable production space

## Future Actions and Considerations

The following findings and recommendations relate to future measures the City can consider.

- > A strong and diverse light industrial district – keep it that way
  - Maintain the City's light industrial area as an employment center
- > Constrain allowable retail / hospitality uses except as a component of production uses
  - Limit standalone retail and prohibit outright, except possible overlay for craft food & wine or other
  - If allowed, develop appropriate parking regs, traffic mitigation, buffering from general industrial
- > Consider incentives, such as fee reductions or exemptions for new production uses in the industrial area (see Kenmore program for "Brew Row")