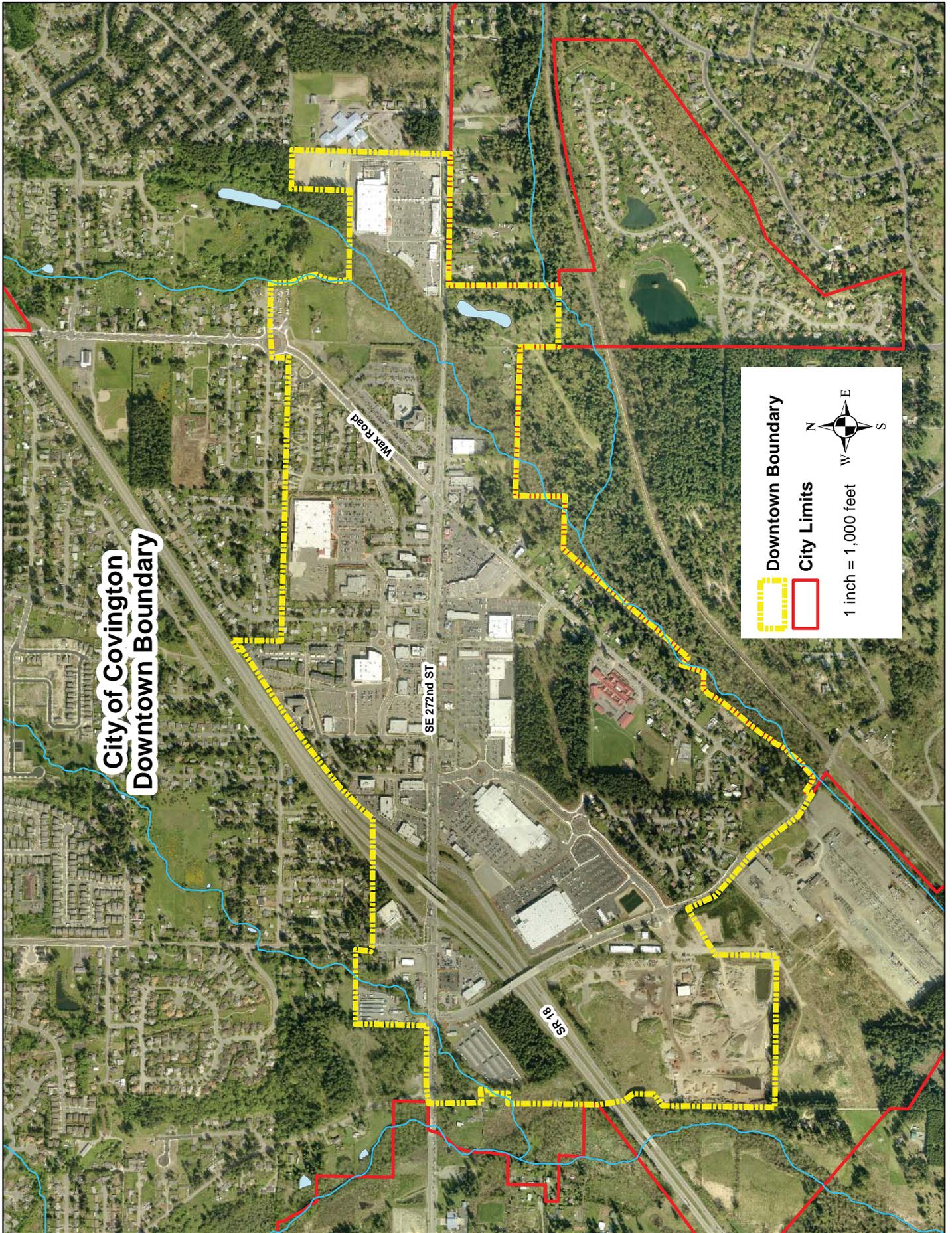


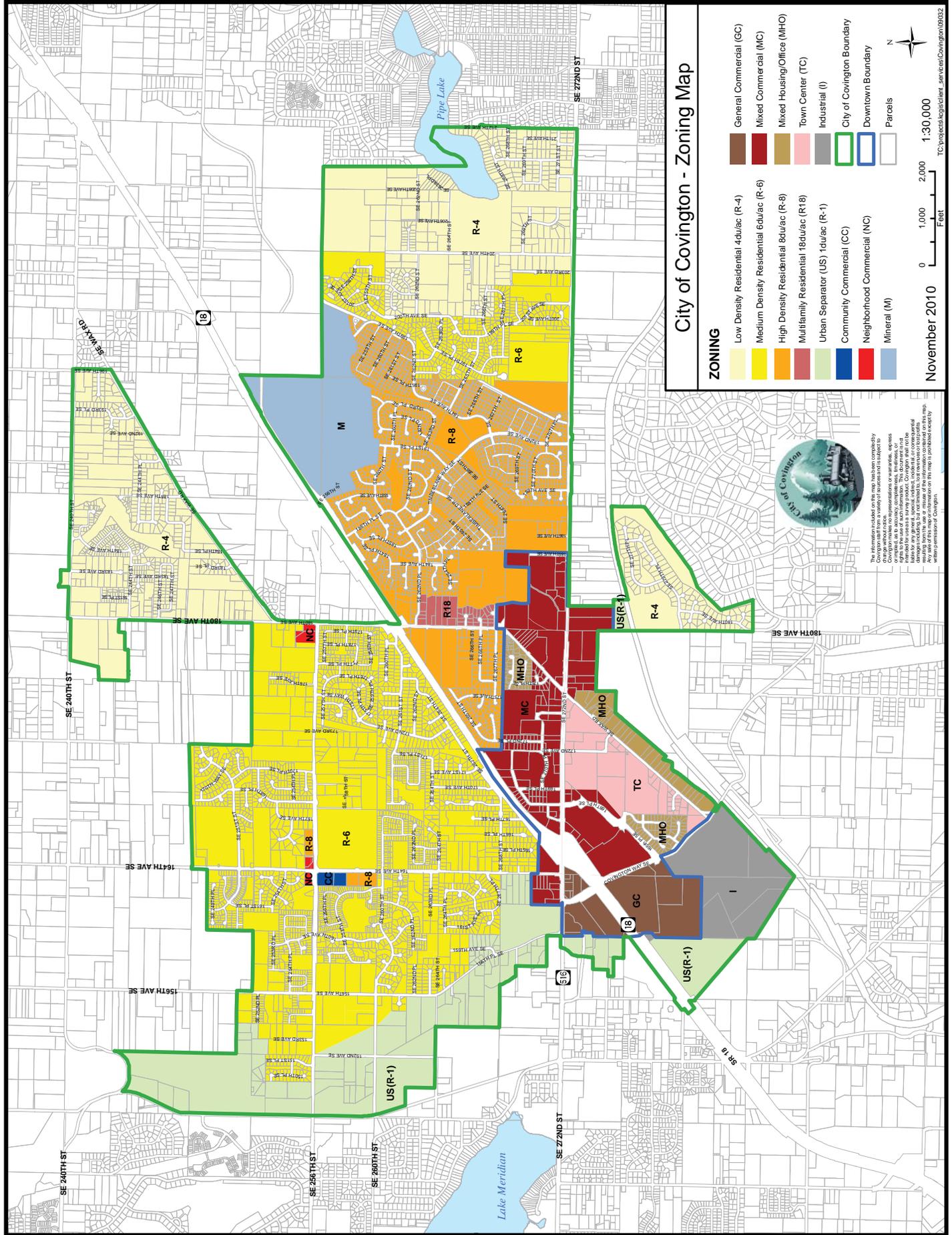
DOWNTOWN AERIAL MAP



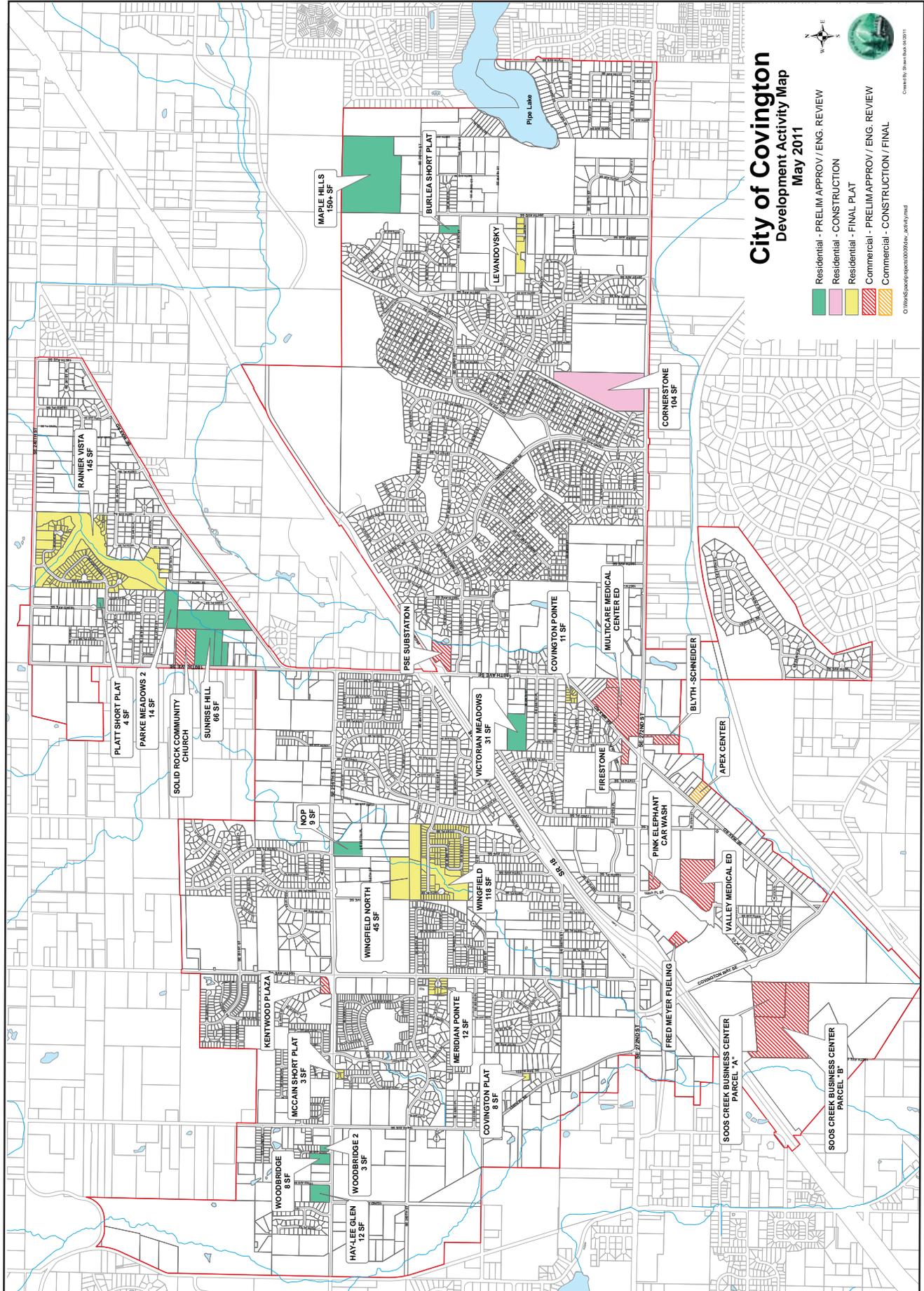
CITY-WIDE AERIAL MAP



CITY ZONING MAP



DEVELOPMENT ACTIVITY MAP



City of Covington Development Activity Map May 2011

- Residential - PRELIM APPROV / ENG. REVIEW
- Residential - CONSTRUCTION
- Residential - FINAL PLAT
- Commercial - PRELIM APPROV / ENG. REVIEW
- Commercial - CONSTRUCTION / FINAL

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 20110510

DEVELOPMENT ACTIVITY PROJECT SUMMARIES

Apex Center Medical/Office Building

Located at 17265 SE Wax Road, this property consists of Parcel No. 362205-9034, containing an 8,000+ sq. ft. medical office building and associated improvements on 1.70 acres. This proposal is located within the Mixed-Housing & Office (MHO) Zone.

Fred Meyer Fueling Station

The site is located at 16736 SE 272nd Street, Parcel No. 362205-9007, and involves construction of a retail gas station on the southern portion of the 14.5 acre commercial site. The facility includes a 5,418 sq. ft. canopy, 14 fueling stations (seven dispensers), and a 112 sq. ft. cashier's kiosk and associated improvements. The proposal is located within the Downtown Mixed-Commercial (MC) zone.

Firestone Retail Tire Store

The site is located near the southwest corner of the intersection of SE Wax Road and SE 270th Street, Parcel No. 2522059270, involving construction of an 8,500 sq. ft. single tenant commercial building and associated site improvement on 1.03 acres. The proposal is located in the Downtown Mixed-Commercial (MC) zone.

Kentwood Plaza Medical/Retail Building

The subject property is located at the northwest corner of 164th Avenue SE and SE 256th Street and consists of Parcel No. 232205-9022, involving construction of a 4,550 sq. ft office/professional space and a second building with 5,000 sq. ft of retail space on .95 acres. Underground and surface parking will be provided. The proposal is located within the Neighborhood Commercial (CN) zone.

Multi-Care Medical Center 24/7 Emergency Department

The subject property is located at 17700 SE 272nd Street, Parcel Nos. 252205-9185, 9131, 9262, 9263, 9264, 9265, 9266, and 9267, involving construction of a 24,000 sq. ft. Emergency Department and associated site improvements on 16.7 acres as part of the existing Multi-Care Medical Complex . The project is located within the Downtown Mixed-Commercial (MC) zone.

Pink Elephant Car Wash

The subject property bound by 168th Place SE to the west and Fred Meyer Super Store access roads on all other sides, Parcel No. 262205-9207, involving construction of a 3,953 sq. ft., seven bay car wash facility on a .95 acre commercial site. The facility will include an equipment room, parking area, vacuum islands, and associated site improvements. The proposal is located within the Downtown Mixed-Commercial (MC) zone.

Puget Sound Energy-Jenkins Creek Substation

The subject property is located at 26044 180th Avenue SE and consists of Parcel No. 302206-9044, involving a 20,800 sq. ft. regional substation to provide electric growth capacity to the area with two dead-end towers and 115kV transformer; with associated site improvements. The proposal is located within the High Density Residential (R-6) zone.

Valley Medical Center-24/7 Emergency Department

The subject property is located along 168th Place SE between SE 272nd Street and Covington Way, Parcel No. 36605-9186, involving construction of a 34,300 sq. ft. 24/7 medical emergency department and associated site improvements. The total site area is 7 acres, and the medical emergency department is limited to 4 acres for the development on vacant land. The proposal is located within the Downtown Town Center (TC) zone.

Soos Creek Business Center-Parcels A & B

The subject property is located southwest of Covington Way and SE of State Highway 18 and consists of Parcel No. 352205-9004. Parcel A involves development of a 100,602 sq. ft. two-story retail/office building and associated improvements on 7.65 acres. Parcel B involves development of three buildings totaling 362,925 sq. ft. into manufacturing/office/warehouse uses and associated improvements on 20.47 acres. The proposal is located within the General Commercial (GC) zone.

Solid Rock Community Church

The subject property is located at 24808 180th Avenue SE and consists of Parcel No. 192206-9010, involving construction of a 20,315 sq. ft. sanctuary building and associated site improvements on 4.74 acres. The proposal is located within the Low Density Residential (R-4) zone.

STRENGTHS

Location on Highway 18 as an emerging growth corridor for King County

Ability to readily serve a relatively young and affluent trade area of nearly 80,000 residents

Strength and depth of Covington's retail core

Commitment of the city to managed growth & development

Potential availability of land to serve anticipated population and job growth

Natural corridors and trails

WEAKNESSES

Traffic congestion of the Kent-Kangley / 272nd Street (SR 516) highway corridor

Substantial out-commuting for high-wage employment elsewhere in the region

Need for town center and urban amenities

Limited availability of in-city, shovel-ready land for high-wage job development

Perceptions of the Covington development & permitting process

Limited city financial resources to leverage desired economic and mixed use development

OPPORTUNITIES

Continued retail expansion with attendant local sales tax generation

High-wage employment growth

Hotel, banquet, event & entertainment venues

Town center and mixed use development

Strengthened community identity

THREATS

Vulnerability to global economic restructuring – especially housing credit and fuel price issues

Uncertain role of Covington vis-à-vis South County and I-90/I-405 corridor neighbors

Challenge of attracting pioneering employment and mixed use development

SWOT ANALYSIS

STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS

Of the strengths outlined, only two – location and land availability – fall within the purview of what are viewed as traditional economic development mainstay assets. Community demographics, retail activity and natural amenities are often viewed as important for quality of life – but often less so for on-going economic vitality. However, these views are changing for two reasons:

- Increased state and local jurisdiction dependence on sales tax revenue in the state of Washington;
- Recognition that quality of life increasingly influences where businesses that offer high wage jobs locate.

An important challenge for Covington will be to harness this distinctive set of community assets in ways that better integrate livability with economic vitality and ongoing sustainability.

All of the weaknesses identified can be corrected or mitigated – though actions on some could require substantial public and community effort to address. The level of commitment made will undoubtedly shape whether and how it is possible to build from existing local strengths and to capture future opportunities for economic development and diversification in Covington.

Looking to the future, there are emerging west coast, U.S. and global trends that, taken together with existing local conditions, can be expected to affect Covington's prospects for economic vitality in the years ahead. These future conditions present both opportunities and potential threats (or challenges) for the Covington community.

Realization of the identified opportunities is by no means assured. Achieving results will depend, in large part, on conscious decisions and actions taken by businesses, citizens and public agencies that have a stake in Covington's future. While some threats represent external forces over which the community has little direct control, the extent of the threat (or challenge) can be addressed or mitigated, at least in part, through proactive local actions.

From this SWOT assessment, four generalized options distinctive to Covington were considered as a basis to determine an umbrella framework most appropriate for future economic development. All of the options listed assume some form of public-private partnership – but predicated on an intentional approach to economic and community development for Covington.

STATUS QUO

Economic development will continue to occur largely in response to individual business investment decisions made in combination with local and regional planning (including growth management) priorities.

Covington can expect to receive continued commercial development interest – though issues of adequately sized remaining development sites and congestion on SR 516 (272nd Street) may make achieving successful development more daunting in the future. In the absence of concerted public initiative, it is unlikely that the city and community's vision for a vital town center can be readily achieved.

Covington residents will likely continue to commute out of the area for higher wage jobs – albeit with transportation consuming a much larger portion of the household budget. Worst case, this could serve to weaken Covington's ongoing desirability as a quality family community.

SWOT ANALYSIS CONTINUED

TOWN CENTER FOCUS

Covington would aim to strengthen and diversify its downtown commercial core but with added emphasis on:

- Achieving the town center vision of a pedestrian oriented commercial core that includes both small and larger scale retail together with a mix of other uses including office, residential, civic buildings and public gathering/open space.
- Achieving some form of higher density development – as could occur with residential over commercial space and possible structured parking – aided by public investment in amenities that the private sector is unlikely to deliver on its own.

The benefits of this strategic option include realization of a long-standing vision for the Covington community, added retail sales tax generation, and more defined identity (if not branding) for Covington as a distinct and desirable place to live, shop, work and socialize. Potential disadvantages include the need to address traffic implications in the downtown area (especially for SR 516), the potential level of city investment and development expertise required, and the limited or unclear potential to diversify the community toward higher wage jobs.

FAMILY WAGE JOBS

This traditional economic development approach is targeted to secure added high-wage job opportunities closer to home for Covington residents. Key elements of this strategy could include:

- Office, business and technology park development – most likely in the vicinity of the SR 18/256th Street interchange (including accompanying annexation).
- Active collaboration with land owners – to address planning and infrastructure needs and to attract qualified developers and business users/tenants to Covington.

Opportunity for a substantial small business development emphasis – targeted to existing and prospective residents with interest to locate and grow a business in Covington.

The chief benefits of this strategy are that it best offers the opportunity to reduce out-commuting and raise the wage profile of Covington area employers. Disadvantages include costs of serving new development coupled with limited ongoing sales tax revenue potential (from on-site non-retail related development). There is also some market risk, as this new focus will require “pioneers” willing to invest in business and technology park projects as yet untested in the Covington area.

JOBS WITH A HEART

This represents a potential hybrid option – a balanced approach involving concurrent initiatives for town center and high-wage jobs-oriented development:

- Commercial and mixed use town center development would be prioritized at least initially on the existing downtown core (SR 516 and Wax Road areas).
- Employment development would be focused on the as yet undeveloped area proximate to the SR 18/256th Street interchange (likely including annexation of the property east of the gravel pit and/or northern notch areas).

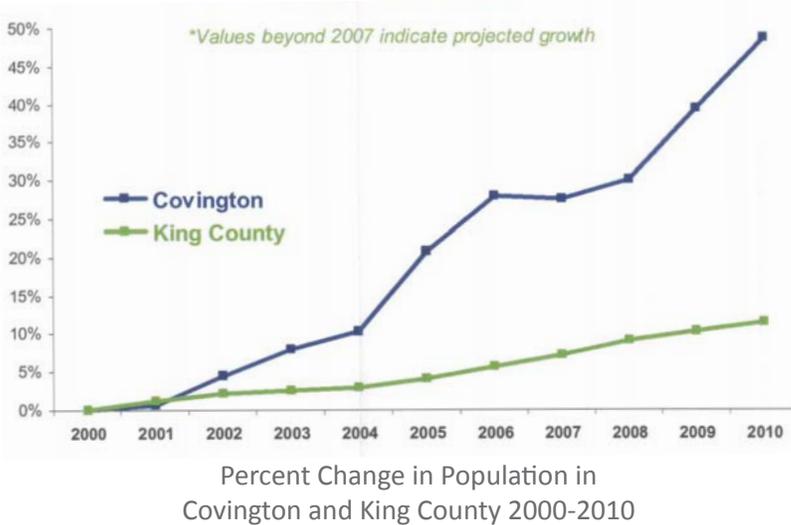
This strategy offers the most balanced approach to achieving commercial development, high-wage job and tax revenue benefits for the businesses, residents and City of Covington. One downside is the risk associated with trying to accomplish too many things at once – especially if local resources are already strained or the community’s will to implement this more aggressive strategic option is not readily forthcoming.

RECOMMENDATION

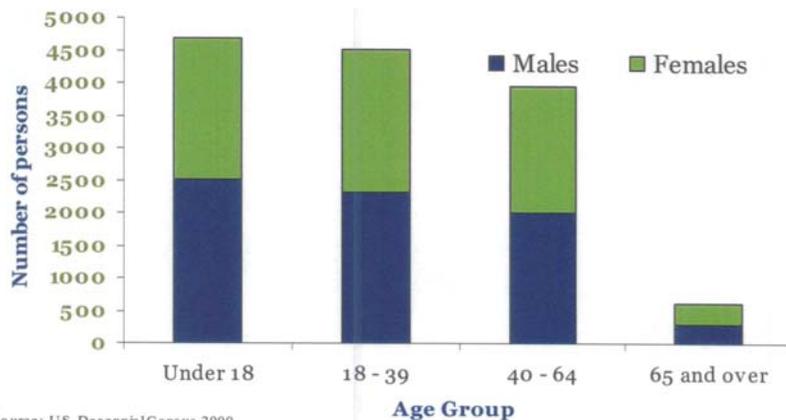
After review and discussion of the strategic options, the Covington Economic Development Council (CEDC) has recommended option two – Town Center Focus - as the preferred emphasis for short term implementation. As the town center moves toward realization, community priorities can be expected to shift toward increased family wage focus, leading to the hybrid option four – Jobs with a Heart.

DEMOGRAPHIC PROFILE - CITY OF COVINGTON, WA

POPULATION AND AGE DISTRIBUTION



While Covington grew by about 30 percent from 2000 to 2008, King County's growth during that period was approximately nine percent. Based on development activity currently in its early stages, Covington could add more than 840 additional households by 2010, or about 2,500 more people. This would bring its population to about 20,300. If development slows down due to a sluggish economy, population is still likely to reach 19,000 by 2010. Previous projections indicated that Covington would not exceed 20,000 until at least 2013.



Source: U.S. Decennial Census 2000

Distribution of Population by Major Age Groups in 2000

Covington has a young population. In 2000, 34 percent of its population was under 18 years of age. This meant that there were about 3,300 young people of elementary and secondary school age in 2000. The median age for men was approximately 31 years, while it was closer to 33 years of age for women. Only 4.4 percent of the population was 65 and over and 61.5 percent of the population was between 18 and 64 years of age.

AT A GLANCE

The following summary is based on the best available data as of December 2007. Because seven years have passed since the decennial census of 2000, all of the data here are estimates and are rounded to approximate levels of accuracy. The year of the most recent data or reasonable estimate is given in parentheses.

POPULATION	17,900
Under 18	34%
Over 65	6%
NEW HOUSING UNITS BUILT ('00-'07)	1,392
New Single-Family Detached	78%
Multi-Family or Attached	22%
ANNEXED HOUSING UNITS ('05)	117
TOTAL EXISTING HOUSING UNITS (BY 4/08)	6,120
Single-Family Detached	93%
Multi-Family or Attached	7%
TOTAL HOUSEHOLDS (BY 4/08)	5,830
Percent Owner-Occupied ('00)	91%
AVERAGE HOUSEHOLD SIZE ('00)	3.13
ESTIMATED AVG. HOUSEHOLD SIZE ('08)	3.07
TOTAL EMPLOYMENT IN COVINGTON ('06)	3,610
AVG. WAGE FOR JOBS IN COVINGTON ('04)	\$26,700
MEDIAN HOUSEHOLD INCOME ('08)	\$77,200
MEDIAN HOME PRICE ('06)	\$300,000

DEMOGRAPHIC PROFILE CONTINUED

POPULATION AND AGE DISTRIBUTION

One interesting anomaly is that in 2000 Covington's population was 52 percent male compared to 48 percent female. However, beginning with the age groups in the mid-twenties, women tended to be a slightly higher proportion of the population in every age group. The only exception was for 65-69 year olds where males were the larger group. Covington's population includes small percentages of African-American, Asian and Native American residents, but in 2000 it was still predominantly white. About four percent of the population identified themselves as Hispanic.

Race or Ethnicity	Total	Hispanic	Percent	2008 Est.
White	12120	233	88.0%	15,757
Black or African American	304	2	2.2%	395
American Indian	49	13	0.4%	64
Asian	358	8	2.6%	465
Pacific Islander/ Native Hawaiian	49	0	0.4%	64
Other	327	244	2.4%	425
Two or More Races	561	43	4.1%	729
Total	13768	543	100.0%	17,900

*In the 2000 Census Individuals could identify themselves by both race and ethnicity (i.e. Hispanic) or by more than one race

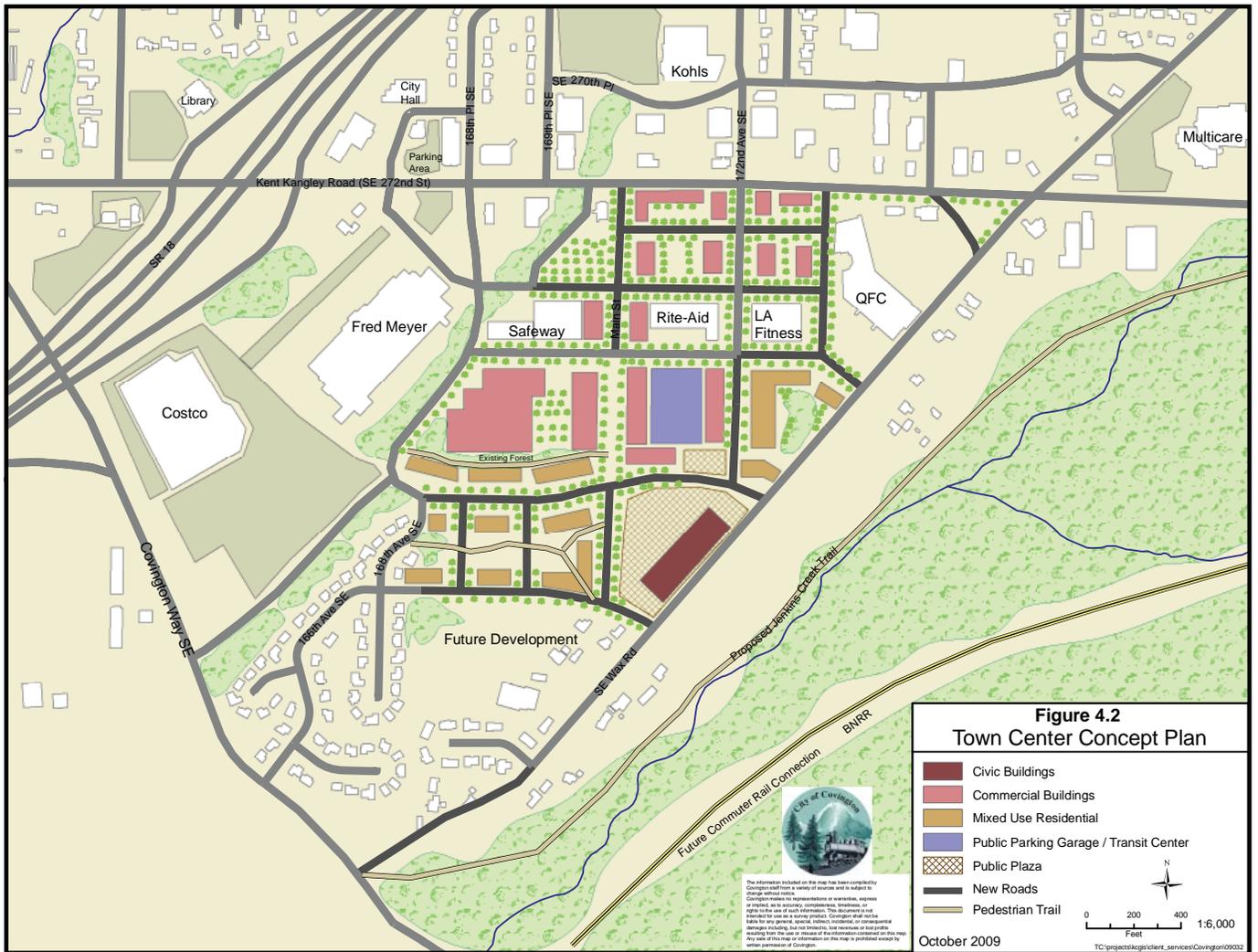
DOWNTOWN CONCEPT - PERSPECTIVE VIEW



MULTICARE PROPOSED EMERGENCY DEPARTMENT



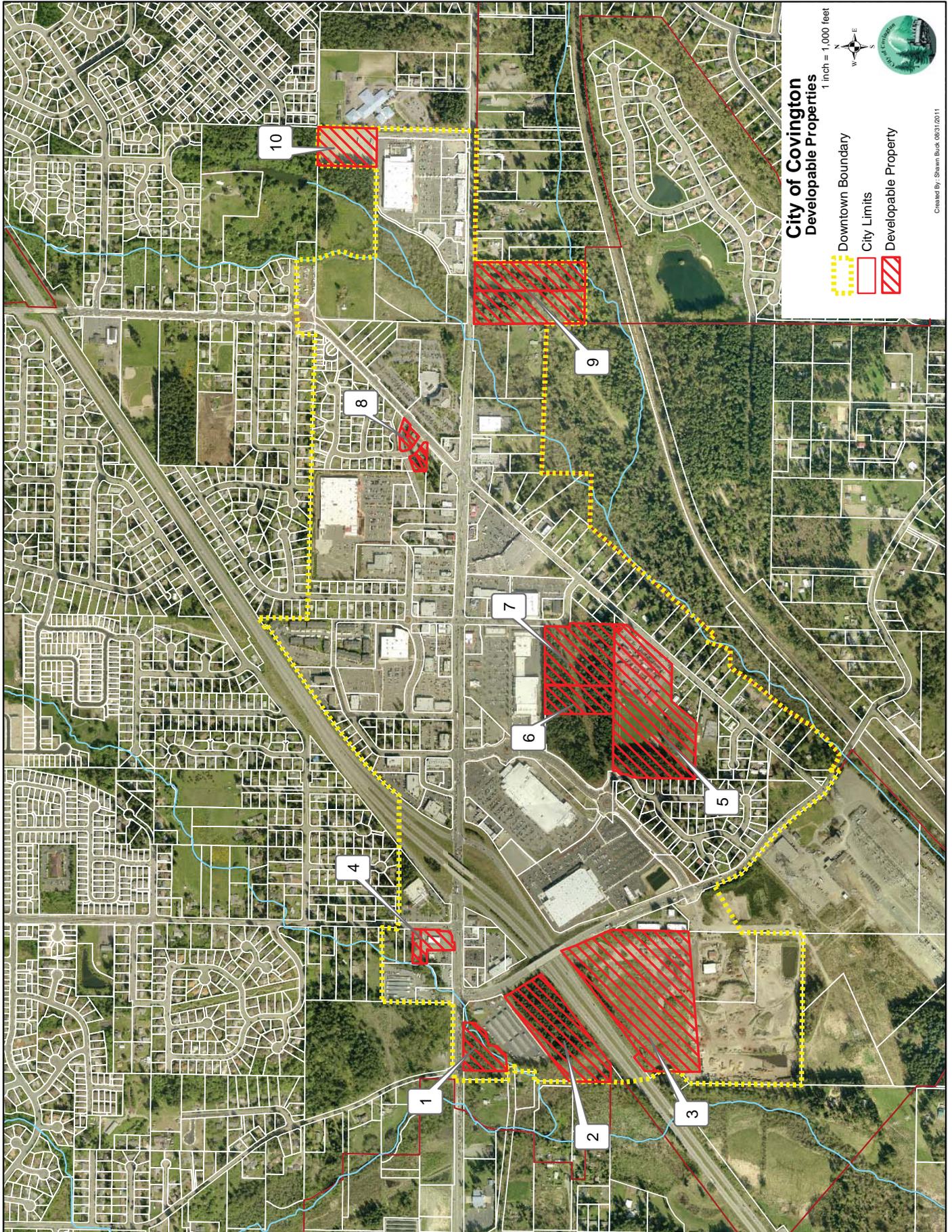
TOWN CENTER CONCEPT PLAN MAP



VALLEY MEDICAL PROPOSED EMERGENCY DEPARTMENT



DEVELOPABLE LAND PARCELS MAP



DEVELOPABLE LAND PARCELS KEY

1. 2.6 acres General Commercial (GC) Zoning, Vacant Land
2. 8.6 acres General Commercial (GC) Zoning, Vacant Land
3. 21.6 acres General Commercial (GC) Zoning, Vacant Land
4. 1.7 acres Mixed Commercial (MC) Zoning, Existing Vacant Building
5. 17 acres Town Center (TC) Zoning, Existing School & Vacant Land
6. 4.0 acres Town Center (TC) Zoning, Vacant Land
7. 6.0 acres Town Center (TC) Zoning, Vacant Land
8. 1.2 acres Mixed Commercial (MC) Zoning, Vacant Land
9. 11.4 acres Mixed Commercial (MC) Zoning, Vacant Land
10. 3.8 acres Mixed Commercial (MC) Zoning, Vacant Land

RETAIL SPACE INVENTORY - FOR SALE



1 Covington Development Opportunity - Covington

Address: 0 172nd Ave NE

Cap Rate: Call Agent

Brokerage: First Western Properties-Tacoma

Price

\$4,000,000

Size

SqFt



2 Covington Development Land - Covington

Address: 0 185th Ave SE

Cap Rate: Call Agent

Brokerage: First Western Properties-Tacoma

Price

\$2,100,000

Size

SqFt

3 Covington Corner Development Site - Covington

Address: 27115 164th Ave SE

Cap Rate: Call Agent

Brokerage: CB Richard Ellis, Inc.

Price

\$1,900,000

Size

5,000 SqFt



4 Webers Nursery Site - Covington

Address: 17006 SE Wax Rd

Cap Rate: Call Agent

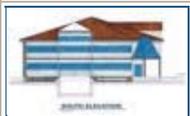
Brokerage: Coldwell Banker Bain Assoc.

Price

\$1,490,000

Size

SqFt



5 Covington Gateway - Covington

Address: 0 SE 272nd St

Cap Rate: Call Agent

Brokerage: Regency Group Inc.

Price

\$975,000

Size

14,000 SqFt



6 Covington Development Site - Covington

Address: 0 272nd Ave SE

Cap Rate: Call Agent

Brokerage: Leibsohn & Company

Price

\$730,000

Size

SqFt

RETAIL SPACE INVENTORY - FOR SALE CONTINUED

	7	<u>26242 180th Avenue SE - Land - Covington</u>	Price	Size
			\$625,000	SqFt
Address: 26242 180th Ave SE				
Cap Rate: Call Agent				
Brokerage: Prudential Northwest Realty Kent				

	8	<u>26406 180th Avenue SE - Land - Covington</u>	Price	Size
			\$625,000	SqFt
Address: 26406 180th Ave SE				
Cap Rate: Call Agent				
Brokerage: Prudential Northwest Realty Kent				

	9	<u>Development Site - Covington</u>	Price	Size
			\$400,000	SqFt
Address: 18049 SE 240th St				
Cap Rate: Call Agent				
Brokerage: John L. Scott - Kent				

INFORMATION COURTESY OF AND AVAILABLE AT NWPROPERTY.NET

RETAIL SPACE INVENTORY - FOR RENT

1 [27222 Covington Way - Covington](#)

Address: 27222 Covington Way SE

Suite	Broker	SQFT	Rent	Prop Type	Details
1	Regency Group Inc.	3500	5.7	Retail	View



2 [Apex Center - Covington](#)

Address: 17265 SE Wax Rd

Suite	Broker	SQFT	Rent	Prop Type	Details
Suite C	Coldwell Banker Commercial Bain	1584	20	Office	View
Suite D	Coldwell Banker Commercial Bain	1584	20	Office	View
Suite E	Coldwell Banker Commercial Bain	1590	20	Office	View
Suite C+D	Coldwell Banker Commercial Bain	3168	20	Office	View
Ste C+D+E	Coldwell Banker Commercial Bain	4758	20	Office	View

3 [Covington Business Park - Covington](#)

Address: 27752 Covington Way SE

Suite	Broker	SQFT	Rent	Prop Type	Details
-NA-	Regency Group Inc.	4500	13	Industrial	View



4 [Covington Esplanade - Covington](#)

Address: 18500 SE 272nd

Suite	Broker	SQFT	Rent	Prop Type	Details
-NA-	First Western Properties-Tacoma	1501	28	Retail	View
E109	First Western Properties-Tacoma	1800	28	Retail	View



5 [Covington Freestanding Retail Pad - Covington](#)

Address: 0 SE 270th PL

Suite	Broker	SQFT	Rent	Prop Type	Details
-NA-	Columbia Retail Group, LLC	3000	30	Retail	View

RETAIL SPACE INVENTORY - FOR RENT CONTINUED



6 [Covington Medical Center - Covington](#)

Address: 27121 174th Pl SE

Suite	Broker	SQFT	Rent	Prop Type	Details
-NA-	Wallace Properties, Inc.	4350	18	Office	View



7 [Covington Place Shopping Center - Covington](#)

Address: 27112-27116 168th Ave SE

Suite	Broker	SQFT	Rent	Prop Type	Details
C	First Western Properties-Tacoma	1241	26	Retail	View
C	First Western Properties-Tacoma	1595	26	Retail	View

8 [Covington Plaza - Covington](#)

Address: 17615 SE 272nd St

Suite	Broker	SQFT	Rent	Prop Type	Details
-NA-	First Western Properties-Tacoma	750	18	Retail	View
-NA-	First Western Properties-Tacoma	2471	18	Office	View



9 [Covington Professional Office - Covington](#)

Address: 17307 SE 272nd St

Suite	Broker	SQFT	Rent	Prop Type	Details
office	First Western Properties-Tacoma	26000	0	Office	View



10 [Covington Professional Plaza - Covington](#)

Address: 17121-17125 SE 270th Place

Suite	Broker	SQFT	Rent	Prop Type	Details
209	MK Property Services, LLC	250	30	Office	View
205	MK Property Services, LLC	1423	25	Office	View

HOUSING DATA - CITY OF COVINGTON, WA

HOUSING AND GROWTH PROSPECTS FOR FUTURE RESIDENTIAL DEVELOPMENT

Covington permitted 1,575 new housing units during the 2000 to 2007 period and demolished 184, for a net gain of 1,391 units. Another 117 housing units were annexed. This means that 1,508 units, or approximately 1,439 new households¹, were added. From 2000 to 2007, 5.78 percent of new residences in Covington were detached single family homes.

At the time of the last census, the household size in Covington was 3.13 persons. However, the creation of over 300 new multifamily units has decreased the average household size to approximately 3.07. The King County average household size is 2.38.

In 2007, there were 900 subdivision lots under consideration in the City of Covington, as well as projects that would construct about 300 more multifamily units. The proportion of these which would actually be built by 2010 depends on many economic factors. A fairly conservative estimate would be that about 60 percent of these would be likely to be ready for occupancy by 2010, housing about 1,600 more residents.²

GMPC HOUSEHOLD AND EMPLOYMENT TARGETS³

The Growth Management Act (GMA), passed by the State Legislature in 1990, requires that counties and cities develop a collaborative set of framework policies, known as the Countywide Planning Policies (CPPs), to guide development of each jurisdiction's comprehensive plan. In 1994, the CPPs were amended to include household and employment targets (or goals) for each jurisdiction to achieve during the 20-year planning period. The intent of the targets is to provide a regional framework for the accommodation of new households and to demonstrate a commitment to accommodate growth in the adopted Urban Growth Areas (UGA).

Household Targets⁴

Based on OFM population forecasts, cities in King County were assigned household growth targets for the initial 20-year growth management period from 1993 to 2012. In 2001, after assessing growth trends evident in the 2000 Census, revised population and employment forecasts led to the revision of household targets for the 22-year period from 2001 to 2022. These revised and extended the earlier target. Although it was only incorporated in 1997, Covington was assigned an initial growth target of 1493, or about 75 units per year. During the eight years from 1993 through 2000, about 507 households were added, for an actual average of about 64 households per year. The City of Covington was given credit for housing units permitted by King County from 1993 - 1997, if they were built within the current city limits.

In order to accommodate different levels of regional employment growth, each of the four urban subregions of the County (Seattle/Shoreline, East County, South County, and the Rural Cities) were allocated an appropriate portion of overall residential growth. The jurisdictions in each subregion met and negotiated specific targets for their cities. The City of Covington agreed to be responsible for a target of an additional 1,373 households by 2022 (beyond the target it had agreed to achieve through 2000). By 2004, it had reached 82% of the new target, by 2005 it had reached 87%, and by 2007 it had reached 96%. The South region as a whole had reached 38% of its target by 2005.

1 Net new units permitted are discounted by five percent to account for homes that are not completed and for vacancies. Households are defined as occupied housing units.

2 A higher proportion of these units are multifamily, therefore, the average household size (persons per household) is estimated at 2.88 for the 2007 to 2010 development.

3 The King County Growth Management Planning Council (GMPC) is the formal council comprised of elected officials from King County, municipalities, and special purpose districts that collaborate to implement the Countywide Planning Policies, and to monitor and manage growth throughout the County.

4 Note that the target is for new households rather than new housing units.

HOUSING DATA CONTINUED

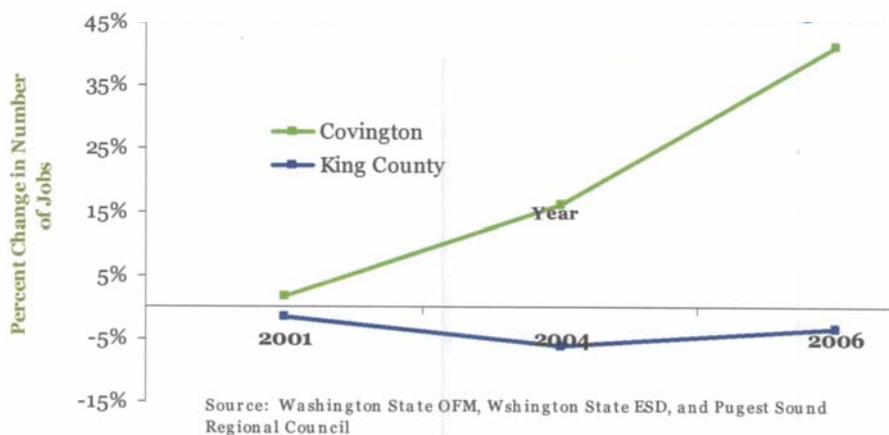
If one considers the whole 30-year growth period from 1993 to 2022, Covington is expected to accommodate about 2,045 households. As the graph below shows, growth was slower during much of the 1990s because of moratoriums on development due to concurrency requirements. However, by 2001, housing development in Covington had gained momentum, allowing it to accommodate new households much more rapidly than the target required. Midway in the 30-year period, we are just 200 units short of achieving the full 30-year target.

New Housing Units and Households in Covington from 2000 to 2007					
Year	Net New Housing Units	Cumulative New Units	Cumulative New Households*	Target by 2022	Percent of Target Achieved
2000	31	31	29	1373	2%
2001	215	246	234		17%
2002	353	599	569		41%
2003	352	951	903		66%
2004	259	1210	1150		84%
2005	82	1292	1227		89%
2006	-82	1210	1150		84%
2007	181	1391	1321		96%

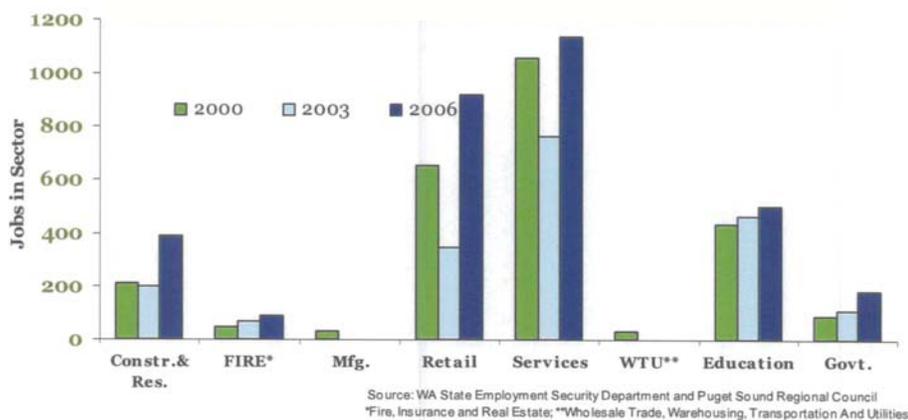
*Net new housing units are discounted by 5% to account for vacancies and incompletions. Annexed units are not included here since they do not contribute to the housing target. Technically, units built in 2000 would not count toward the 2022 target, but they are included here for consistency with other data.

EMPLOYMENT AND WAGE DATA

EMPLOYMENT



Cumulative Percent Change in Employment in Covington and King County 2000



Comparison of Employment in Covington by Sector in 2000, 2003, 2006

	Const/ Res	F.I.R.E.*	Manufacturing	Retail	Services***	WTCU	Education	Government	Total
2000	211	46	33	655	1,057	29	438	90	2,558
2001	238	60	30	616	1,125	32	410	92	2,602
2002	241	62	31	617	1,207	41	461	92	2,752
2003	201	66	**	348	1,064	*	464	109	2,332
2004	404	95	**	617	1,186	*	475	119	2,970
2005	330	112	**	906	1,394	*	503	151	3,470
2006	388	90	**	923	1,435	*	501	186	3,613

*Finance, Insurance, and Real Estate Sector. **Data suppressed for confidentiality when it represents fewer than 3 firms. ***Because of a reporting error, approximately 300 jobs in the health sector have been added back into Covington's employment data.

Despite a dip in employment in 2002 and 2003, Covington experienced strong job growth from 2000 to 2006, gaining over 1,000 jobs. This represents a 41 percent increase in local employment during these six years.

Covington has outpaced King County in job growth since 2000. After very strong job growth during the late 1990s through 2001, King County employment declined for several years. Although King County employment has improved, there are still fewer total jobs than in 2000 to 2001. Covington, on the other hand, has experienced rapid job growth since 2003.

The majority of jobs in Covington are in the retail or services sector. Many of these tend to be relatively low-paying jobs, although service jobs may include higher-paying professional services. There has been a significant increase in jobs in those two sectors since 2000. Construction/resource extraction has grown significantly, while education, F.I.R.E. (finance, insurance and real estate), and government sectors have had modest job growth.

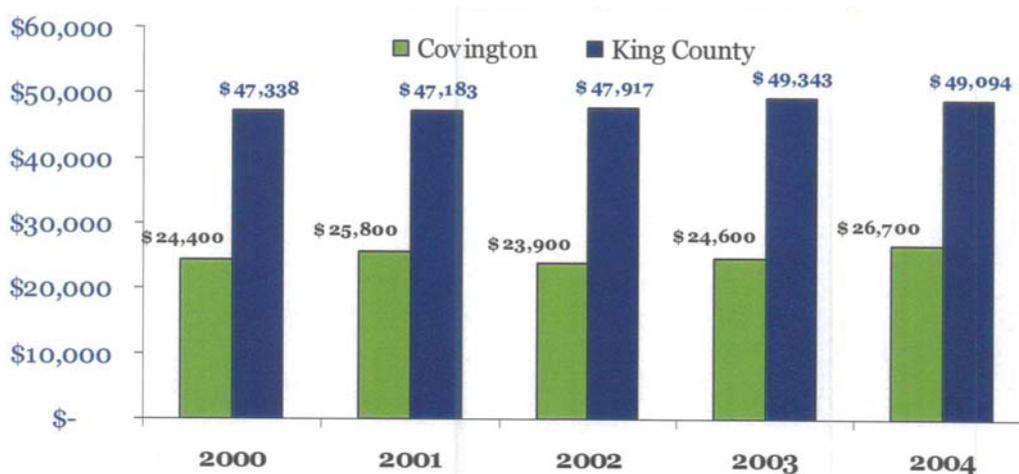
EMPLOYMENT AND WAGE DATA CONTINUED

WAGES

With many of its jobs in retail and non-professional services, average annual wages for those who work in Covington remain low. In 2004, the latest year for which local wage data is available, jobs in Covington paid an average annual wage of \$26,700 - only about 54 percent of the average annual wage for all of King County. However, this is an improvement over 2000 when wages in Covington were about 51.5 percent of wages in the County.

In real (after inflation) dollars, County wages dropped slightly between 2000 and 2004, while Covington's wages have risen at about the same rate as inflation. A "living wage" is defined as one which "allows families to meet their basic needs without resorting to public assistance, and provides them some ability to deal with emergencies and to plan ahead". It is not a poverty wage. The terms "family wage" and "living wage" are often used interchangeably. The amount of a living wage will differ depending on the size of the family or household.

In 2004, the living wage in Washington State would have been about \$46,500 (about \$23 per hour) for a household of one working adult with a toddler and a school-age child. The average job in Covington paid only about 57 percent of this. In 2007, it was estimated that the living wage for a single adult with two young children living in King County would be \$58,300 (about \$29 per hour).



Source: Washington State Employment Security Department (ESD) "ES-202" data series, published by Puget Sound Regional Council.

Average Annual Wages Per Worker in Covington and King County 2000-2004

POPULATION TRENDS AND FORECASTS

Population Trends & Forecasts
 Sources: Washington Office of Financial Management, U.S. Census and City of Covington
 Population Covington, King County & Washington State (1998-2011)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2000-11	AAGR	Land Area	2000
Covington	12,900	13,010	13,783	13,840	14,395	14,850	15,190	16,610	17,240	17,190	17,360	17,530	17,640	17,640	2.3%		6	square miles
King County	1,665,800	1,677,000	1,737,046	1,758,312	1,774,312	1,779,300	1,788,300	1,808,300	1,835,300	1,861,300	1,884,200	1,909,300	1,933,400	1,942,600	1.0%		2,126	square miles
Washington State	5,685,300	5,757,400	5,894,143	5,974,910	6,041,710	6,098,300	6,167,800	6,256,400	6,375,600	6,488,000	6,587,600	6,668,200	6,733,250	6,767,900	1.3%		66,544	square miles

Source: OFM, land area U.S. Census

Population Forecasts

	Census	Estimate	Projection			AAGR			
	2000	2005	2010	2015	2020	2025	2030	2030	2000-30
<i>King County</i>									
Low	1,737,034	1,808,300	1,835,484	1,896,150	1,945,262	1,985,642	2,016,312		0.5%
Medium	1,737,034	1,808,300	1,934,124	2,029,053	2,114,415	2,192,868	2,262,977		0.9%
High	1,737,034	1,808,300	2,038,566	2,175,145	2,304,712	2,429,698	2,548,112		1.3%
<i>Washington State</i>									
Low	5,894,121	6,256,400	6,325,953	6,607,447	6,850,659	7,056,399	7,216,325		0.7%
Medium	5,894,121	6,256,400	6,792,318	7,255,672	7,698,939	8,120,510	8,509,161		1.2%
High	5,894,121	6,256,400	7,372,751	8,042,721	8,713,386	9,379,550	10,026,660		1.8%

Source: OFM, October 2007

Covington Forecast from Comp Plan

	2003	2013	2023	AAGR
Covington	14,850	17,152	19,454	1.4%

Source: OFM, Covington Comprehensive Plan, December 2003

MARKET DEMOGRAPHICS

Market Demographics

Source: ESRI

	City of Covington	King County	State of WA
<i>Population</i>			
2000	13,783	1,737,034	5,894,121
2007	17,013	1,859,574	6,516,384
2010	17,133	1,936,894	6,756,150
2015	18,799	2,053,695	7,175,641
<i>Households (HH)</i>			
2000	4,398	710,916	2,271,398
2007	5,496	763,895	2,514,308
2010	5,534	797,056	2,611,662
2015	6,082	846,777	2,777,964
<i>HH Size</i>			
2000	3.13	2.39	2.53
2007	3.10	2.37	2.53
2010	3.10	2.38	2.53
2015	3.09	2.38	2.53
<i>2010 Households by Income</i>			
Household Income Base	5,535	797,050	2,611,646
< \$15,000	1.3%	7.3%	9.2%
\$15,000 - \$24,999	1.7%	6.3%	8.3%
\$25,000 - \$34,999	2.1%	6.8%	8.5%
\$35,000 - \$49,999	7.2%	10.4%	14.3%
\$50,000 - \$74,999	22.1%	18.5%	22.3%
\$75,000 - \$99,999	32.3%	19.7%	16.9%
\$100,000 - \$149,999	24.6%	18.6%	14.0%
\$150,000 - \$199,999	4.7%	5.9%	3.4%
\$200,000 +	4.0%	6.5%	3.1%
Average Household Income	\$95,856	\$92,740	\$73,128
<i>Median HH Income</i>			
2000	\$62,617	\$53,383	\$45,770
2007	\$82,202	\$71,420	\$59,060
2010	\$84,084	\$75,693	\$60,311
2015	\$95,147	\$88,138	\$68,768
<i>2010 Population by Age</i>			
Total	17,129	1,936,894	6,756,150
0 - 4	7.8%	6.0%	6.7%
5 - 9	8.6%	5.8%	6.5%
10 - 14	8.3%	5.8%	6.4%
15 - 19	7.9%	6.1%	6.8%
20 - 24	5.3%	6.9%	6.9%
25 - 34	14.2%	15.2%	13.9%
35 - 44	16.0%	14.9%	13.4%
45 - 54	16.9%	16.0%	15.1%
55 - 64	9.7%	11.9%	12.1%
65 - 74	3.5%	5.9%	6.4%
75 - 84	1.4%	3.6%	3.8%
85+	0.3%	1.9%	1.8%
18+	70.1%	78.8%	76.4%
<i>Median Age</i>			
2000	31.9	35.7	35.3
2007	33.7	37.5	36.9
2010	33.5	37.8	37.1
2015	33.8	37.9	37.3

MARKET DEMOGRAPHICS CONTINUED

Market Demographics

Source: ESRI

	City of Covington	King County	State of WA
<i>2000 Population by Race/Ethnicity</i>			
Total	13,783	1,737,034	5,894,121
White Alone	87.9%	75.7%	81.8%
Black Alone	2.4%	5.4%	3.2%
American Indian Alone	1.0%	0.9%	1.6%
Asian or Pacific Islander Alone	3.3%	11.3%	5.9%
Some Other Race Alone	1.8%	2.6%	3.9%
Two or More Races	3.5%	4.1%	3.6%
Hispanic Origin	4.5%	5.5%	7.5%
<i>2010 Population by Race/Ethnicity</i>			
Total	17,134	1,936,894	6,756,150
White Alone	84.1%	70.1%	77.7%
Black Alone	3.0%	6.0%	3.6%
American Indian Alone	1.0%	0.9%	1.7%
Asian or Pacific Islander Alone	4.7%	14.5%	7.4%
Some Other Race Alone	2.7%	3.7%	5.3%
Two or More Races	4.5%	4.8%	4.3%
Hispanic Origin	7.1%	8.2%	10.6%
<i>2000 Population 25+ by Educational Attainment</i>			
Total	8,136	1,188,740	3,827,507
Less than 9th Grade	1.1%	3.4%	4.3%
9th - 12th Grade, No Diploma	7.6%	6.3%	8.6%
High School Graduate	26.5%	19.2%	24.9%
Some College, No Degree	30.9%	23.6%	26.4%
Associate Degree	9.2%	7.5%	8.0%
Bachelor's Degree	19.6%	26.6%	18.4%
Master's/Prof/Doctorate Degree	5.2%	13.3%	9.3%
<i>2010 Population 25+ by Educational Attainment</i>			
Total	10,640	1,341,522	4,503,749
Less than 9th Grade	1.4%	3.4%	4.3%
9th - 12th Grade, No Diploma	5.4%	4.7%	6.4%
High School Graduate	25.9%	18.3%	24.7%
Some College, No Degree	26.9%	20.8%	24.0%
Associate Degree	10.6%	8.4%	9.8%
Bachelor's Degree	22.5%	28.2%	19.8%
Master's/Prof/Doctorate Degree	7.3%	16.1%	10.9%
<i>2000 Workers 16+ by Travel Time to Work</i>			
Total	6,899	911,677	2,785,479
Did not Work at Home	96.6%	95.6%	95.7%
Less than 5 minutes	1.7%	2.0%	3.3%
5 to 9 minutes	5.2%	7.1%	10.3%
10 to 19 minutes	14.5%	25.7%	29.1%
20 to 24 minutes	11.3%	15.8%	14.2%
25 to 34 minutes	21.6%	23.0%	18.3%
35 to 44 minutes	12.9%	7.7%	6.1%
45 to 59 minutes	17.4%	8.0%	7.0%
60 to 89 minutes	9.8%	4.5%	4.7%
90 or more minutes	2.1%	1.8%	2.7%
Worked at Home	3.4%	4.4%	4.3%
Average Travel Time to Work (in min)	33.9	26.5	25.5

Note: ESRI population number may not match those of OFM and/or U.S. Census

EMPLOYMENT DATA - 2010

Employment in Covington (Zip Code 98042) - QCEW
 Source: Washington State Employment Security Dep.

NAICS Code	Industry Description	1st Quarter 2010										Average Annual Wage
		Firms	JAN	FEB	MAR	1st Quarter 2010	Average Employment	Average Qtr Wage	Annual Wage			
	Total (All Industries)	760	4,822	4,827	5,021	\$34,437,177	4,890	\$7,042	\$37,559			
11	Agriculture, forestry, fishing and hunting	*	*	*	*	*	*	*	*	*	*	
21	Mining	0	0	0	0	\$0	0	0	0	0	0	
22	Utilities	0	0	0	0	\$0	0	0	0	0	0	
23	Construction	142	536	558	589	\$5,075,113	561	\$9,047	\$48,248			
31-33	Manufacturing	6	8	8	9	\$58,016	8	\$7,252	\$37,130			
42	Wholesale trade	50	171	167	169	\$3,146,602	169	\$18,619	\$99,301			
44-45	Retail trade	67	1,426	1,422	1,447	\$9,252,414	1,432	\$6,461	\$34,468			
48-49	Transportation and warehousing	16	33	32	31	\$217,177	32	\$6,787	\$36,196			
51	Information	4	12	12	12	\$105,560	12	\$8,797	\$46,916			
52	Finance and insurance	18	75	77	77	\$686,761	76	\$9,036	\$47,983			
53	Real estate and rental and leasing	23	71	71	70	\$429,050	71	\$6,043	\$32,381			
54	Professional and technical services	48	136	138	140	\$927,070	138	\$6,718	\$35,829			
55	Management of companies and enterprises	*	*	*	*	*	*	*	*	*	*	
56	Administrative and waste services	38	186	185	201	\$1,074,596	191	\$5,626	\$30,059			
61	Educational services	8	26	27	27	\$80,290	27	\$2,974	\$16,058			
62	Health care and social assistance	53	491	500	510	\$4,787,528	500	\$9,575	\$51,033			
71	Arts, entertainment, and recreation	7	180	179	194	\$1,011,822	184	\$5,499	\$29,275			
72	Accommodation and food services	45	770	751	849	\$2,951,968	790	\$3,737	\$19,929			
81	Other services, except public administration	226	480	483	481	\$2,002,163	481	\$4,163	\$22,185			
92	Government	6	207	209	204	\$2,576,521	207	\$12,447	\$66,491			

* Confidential data

** Annual, not quarterly, data

EMPLOYMENT DATA - 2002

Employment in Covington (Zip Code 98042) - QCEW
 Source: Washington State Employment Security Department

NAICS Code	Industry Description	1st Quarter 2002											
		Firms	JAN	FEB	MAR	1st Quarter 2002	Wages Paid	Average Employment	Average Qtr Wage	Annual Wage	Average		
	Total (All Industries)	595	2,927	3,009	3,054	\$17,742,151	2,997	\$5,920	\$31,577				
11	Agriculture, forestry, fishing and hunting	5	23	21	28	\$74,411	24	\$3,100	\$16,536				
21	Mining	0	0	0	0	\$0	0	\$0	\$0				
22	Utilities	0	0	0	0	\$0	0	\$0	\$0				
23	Construction	142	763	770	751	\$5,757,510	761	\$7,566	\$40,333				
31-33	Manufacturing	17	51	51	56	\$389,100	53	\$7,342	\$39,403				
42	Wholesale trade	35	83	85	87	\$942,602	85	\$11,089	\$59,144				
44-45	Retail trade	43	455	452	449	\$2,361,977	452	\$5,226	\$27,870				
48-49	Transportation and warehousing	12	72	70	78	\$479,240	73	\$6,565	\$34,854				
51	Information	4	8	8	8	\$110,686	8	\$13,836	\$73,791				
52	Finance and insurance	11	47	48	46	\$329,054	47	\$7,001	\$37,339				
53	Real estate and rental and leasing	14	59	61	58	\$426,161	59	\$7,223	\$38,307				
54	Professional and technical services	51	139	142	140	\$819,248	140	\$5,852	\$31,135				
55	Management of companies and enterprises	0	0	0	0	\$0	0	\$0	\$0				
56	Administrative and waste services	49	206	227	238	\$1,117,403	224	\$4,988	\$26,644				
61	Educational services	4	12	12	12	\$110,762	12	\$9,230	\$49,228				
62	Health care and social assistance	32	339	363	378	\$2,281,311	360	\$6,337	\$33,797				
71	Arts, entertainment, and recreation	6	135	155	180	\$927,255	157	\$5,906	\$31,566				
72	Accommodation and food services	22	317	321	312	\$784,740	317	\$2,476	\$13,217				
81	Other services, except public administration	148	218	223	233	\$830,691	225	\$3,692	\$19,720				
92	Government	4	105	87	93	\$943,409	95	\$9,931	\$52,963				

* Confidential data

** Annual, not quarterly, data

BUILDING SPACE AND DEMAND - 2010

Leakage % of Demand	Demand %	Retail Sales/SF	Building Space Demand (sf)		
			Leakage Recapture	Future Growth	Leakage + Growth
83%	21%	NA	-	-	-
72%	3%	\$210	113,000	16,000	129,000
78%	3%	\$310	70,000	9,000	79,000
33%	3%	\$390	30,000	9,000	39,000
52%	18%	\$410	242,000	46,000	288,000
-16%	3%	\$370	-	8,000	8,000
30%	12%	NA	-	-	-
86%	4%	\$250	148,000	17,000	165,000
61%	1%	\$220	25,000	4,000	29,000
51%	12%	\$350	192,000	37,000	229,000
57%	2%	\$210	57,000	10,000	67,000
-22%	4%	NA	-	-	-
53%	14%	\$315	252,000	47,000	299,000
54%	100%		1,129,000	203,000	1,332,000
			103.7	18.6	122.3

BUILDING SPACE AND DEMAND - 2007

Leakage % of Demand	Demand %	Retail Sales/SF	Building Space Demand (sf)		
			Leakage Recapture	Future Growth	Leakage + Growth
90%	24%	NA	-	-	-
97%	4%	\$225	171,000	16,000	187,000
83%	3%	\$275	92,000	10,000	102,000
61%	3%	\$250	81,000	12,000	93,000
44%	16%	\$350	213,000	44,000	257,000
39%	3%	\$375	35,000	8,000	43,000
33%	9%	NA	-	-	-
91%	5%	\$200	258,000	26,000	284,000
44%	1%	\$190	28,000	6,000	34,000
47%	15%	\$300	245,000	48,000	293,000
31%	2%	\$250	26,000	8,000	34,000
-8%	3%	NA	-	-	-
35%	13%	\$275	182,000	47,000	229,000
57%	100%		1,331,000	225,000	1,556,000
			122.2	20.7	142.9

strategy, Covington Washington

RETAIL SALES AND LEAKAGE - 2010

4 Zip Code Trade Area Retail Sales & Leakage (2010)
98042, 98038, 98051, 98010

NAICS	Retail Categories	Demand (Retail Potential)	Supply (Retail Sales)	Retail Sales Leakage
441	Motor Vehicle & Parts Dealers	\$220,369,300	\$37,731,241	\$182,638,059
442	Furniture & Home Furnishings Stores	\$33,047,365	\$9,275,032	\$23,772,333
443	Electronics & Appliance Stores	\$27,729,388	\$6,062,400	\$21,666,988
444	Bldg Materials, Garden Equip. & Supply Stores	\$35,144,278	\$23,502,298	\$11,641,980
445	Food & Beverage Stores	\$189,030,441	\$89,988,424	\$99,042,017
446	Health & Personal Care Stores	\$28,743,939	\$33,219,270	-\$4,475,331
447	Gasoline Stations	\$126,261,718	\$88,193,987	\$38,067,731
448	Clothing and Clothing Accessories Stores	\$42,781,957	\$5,787,007	\$36,994,950
451	Sporting Goods, Hobby, Book, & Music Stores	\$8,958,478	\$3,492,498	\$5,465,980
452	General Merchandise Stores	\$131,193,667	\$63,864,144	\$67,329,523
453	Miscellaneous Store Retailers	\$21,331,465	\$9,274,095	\$12,057,370
454	Nonstore Retailers	\$41,623,172	\$50,753,909	-\$9,130,737
722	Food Services & Drinking Places	\$148,497,087	\$69,211,829	\$79,285,258
44-45, 72	Total Retail Trade and Food & Drink Land Acreage Required (at 0.25 FAR)	\$1,054,712,255	\$490,356,134	\$564,356,121

Sources: ESRI, ULI (regional retail median 2008)

	2010	2015
Population	82,720	90,965
Demand/Capita	\$12,750	
Projected Demand		\$1,159,839,220
Remove 2010 Demand		\$105,126,965

RETAIL SALES AND LEAKAGE - 2007

4 Zip Code Trade Area Retail Sales & Leakage (2007)
98042, 98038, 98051, 98010

NAICS	Retail Categories	Demand (Retail Potential)	Supply (Retail Sales)	Retail Sales Leakage
441	Motor Vehicle & Parts Dealers	\$260,910,562	\$27,047,306	\$233,863,256
442	Furniture & Home Furnishings Stores	\$39,641,014	\$1,167,552	\$38,473,462
443	Electronics & Appliance Stores	\$30,399,341	\$5,146,461	\$25,252,880
444	Bldg Materials, Garden Equip. & Supply Stores	\$33,214,305	\$13,052,738	\$20,161,567
445	Food & Beverage Stores	\$168,900,981	\$94,392,637	\$74,508,344
446	Health & Personal Care Stores	\$34,170,685	\$20,993,004	\$13,177,681
447	Gasoline Stations	\$92,826,231	\$62,312,867	\$30,513,364
448	Clothing and Clothing Accessories Stores	\$56,835,395	\$5,227,019	\$51,608,376
451	Sporting Goods, Hobby, Book, & Music Stores	\$12,105,760	\$6,811,187	\$5,294,573
452	General Merchandise Stores	\$158,077,632	\$84,571,324	\$73,506,308
453	Miscellaneous Store Retailers	\$20,727,687	\$14,251,021	\$6,476,666
454	Nonstore Retailers	\$33,690,096	\$36,367,556	-\$2,677,460
722	Food Services & Drinking Places	\$141,534,766	\$91,497,758	\$50,037,008
44-45, 72	Total Retail Trade and Food & Drink Land Acreage Required (at 0.25 FAR)	\$1,083,034,455	\$462,838,430	\$620,196,025

Sources: ESRI, ULI (2006)

As prepared by E. D. Hovee & Company, LLC with the December 2008 City Wide Economic Development S

	2007	2012
Population	78,670	85,822
Demand/Capita	\$13,767	
Projected Demand		\$1,181,494,636
Remove 2007 Demand		\$98,460,181