



Business Retention & Expansion (BR&E)

2023 Annual Report

City of Lakewood



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BR&E Program & Activities

Business Retention & Expansion (BR&E) is a core program for the City of Lakewood. The purpose of the program is to support our local businesses by identifying the needs, concerns, challenges, and opportunities they face. The program also provides information which informs programs and policies that benefit the overall health of the City.

While the COVID-19 emergency is now old news, businesses are still feeling the aftereffects of both the pandemic and the response to the pandemic. The supply chain issues experienced in 2022 have mostly been resolved, though some custom-order and specialty items still require long lead times. Inflation and high interest rates are the major issues facing local businesses in 2023.

Economic Development staff interviewed 105 businesses in 2023. This is in addition to outreach performed in collaboration with our partners, particularly the Economic Development Board of Tacoma/Pierce County and the Pierce County Economic Development Department.

Lakewood continues to collaborate on weekly and bi-monthly BR&E calls, webinars, and training events. Partners who regularly participate include Pierce County, Workforce Central, Pierce Transit, Impact Washington, Clover Park Technical College Corporate Education, Tacoma Public Utilities, and other municipalities.

In 2021, American Rescue Plan Act (ARPA) monies were allocated to Pierce County for a Business Accelerator program. In the Q1 2023 quarterly BR&E, Staff reached out to Lakewood businesses that participated in the business accelerator program. Those responses are included in this 2023 Annual BR&E Report.

Industry Impacts

Almost every industry experienced a downturn in employment numbers following the COVID-19 emergency. Most industries have now recovered to pre-covid levels of employment. Manufacturing, Transportation & Warehousing, Administrative, and Entertainment & Recreation are still slightly down from pre-covid levels of employment. Accommodation & Food Services, Retail Trade, and Construction are slightly higher than pre-covid levels. Healthcare & Social Assistance employment is up ~10% since the COVID-19 emergency making it the fastest growing industry in Lakewood since the pandemic. Lakewood has had an overall net increase of approximately 900 jobs since 2019.

Dec. 3-9, 2023

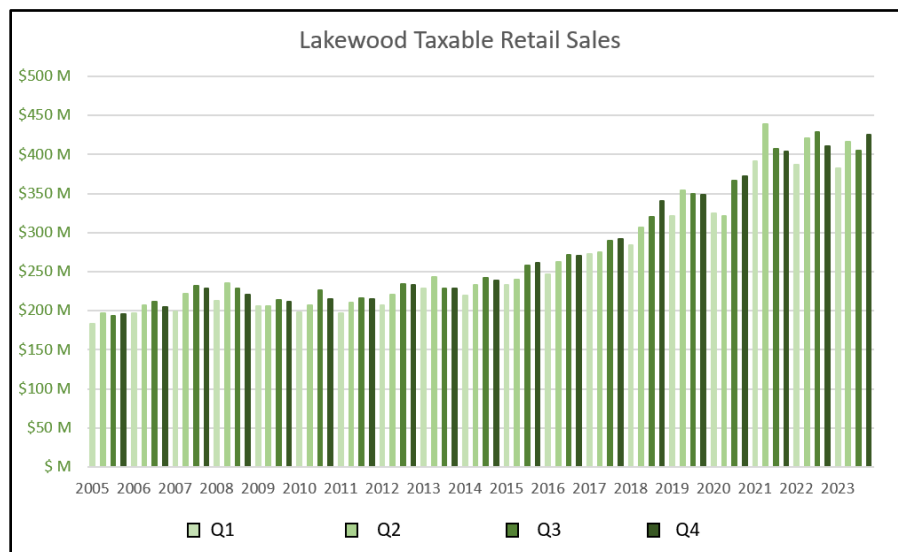
	Occupancy (Y-O-Y)	ADR (Y-O-Y)	RevPAR (Y-O-Y)
Puyallup/Sumner+	62.9% (-0.4%)	\$114.02 (-1.1%)	\$71.67 (-1.5%)
Tacoma Mall / Hosmer+	52.6% (+12.1%)	\$90.98 (+3.7%)	\$47.88 (+16.2%)
Downtown Tacoma / Tacoma Dome+	56.2% (-8.8%)	\$149.76 (+0.1%)	\$84.24 (-8.7%)
Dupont/Lakewood+	61.0% (-4.8%)	\$108.87 (+1.5%)	\$66.40 (-3.4%)
Fife+	55.4% (+15.0%)	\$73.79 (-3.5%)	\$40.88 (+10.9%)

The Accommodation & Food Services industry has recovered somewhat following the pandemic and subsequent lifting of health & social mandates. Local restaurants and hotels report business has not yet recovered to pre-covid levels.

Source: Tacoma Pierce County Tourism Authority

Taxable Retail Sales

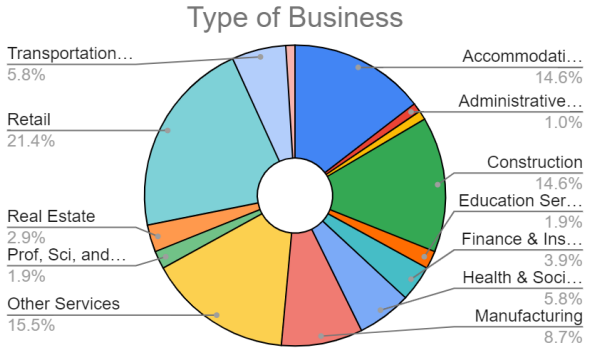
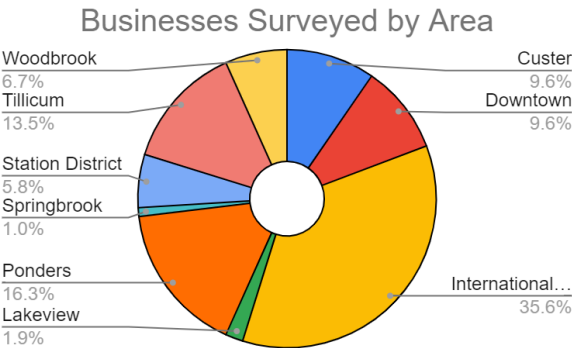
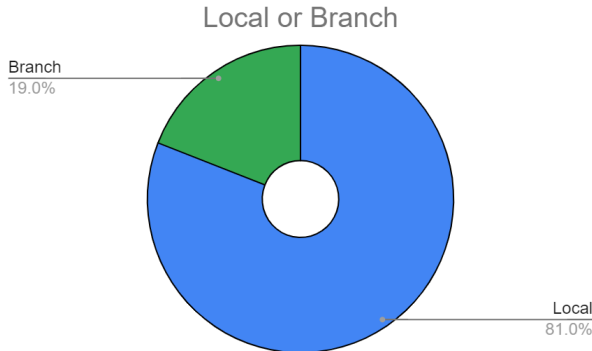
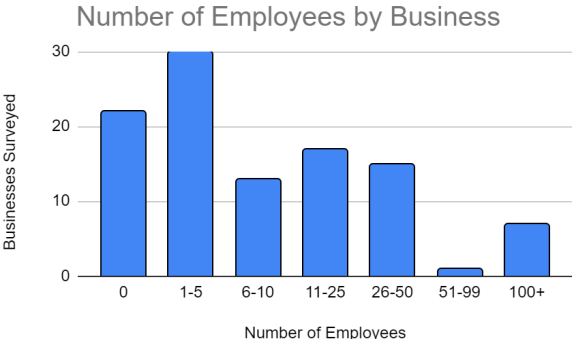
Taxable retail sales have recovered since the COVID-19 emergency, though other factors are now limiting growth. Inflation and high interest rates are common talking points for local businesses that are struggling to fully recover. High costs for food, materials, and fuel are putting pressure on profit margins. High interest rates are causing potential buyers to reduce their spending or hold off on big-ticket item purchases entirely.



Business Contact by Industry

2023 BR&E Outreach	Employers	Jobs	Industry Employment (4Q Moving Average)	Q4 2019	Q4 2023
Ag., Forestry, Fishing	-	-	Ag., Forestry, Fishing	55	38
Mining, Quarry, Oil & Gas	-	-	Mining, Quarry, Oil & Gas	-	-
Utilities	-	-	Utilities	79	97
Construction	15	253	Construction	1,753	1,803
Manufacturing	9	294	Manufacturing	1,122	1,015
Wholesale Trade	1	3	Wholesale Trade	1,054	1,070
Retail Trade	22	224	Retail Trade	3,166	3,326
Transp. and Whsing	6	860	Transp. and Whsing	2,245	1,897
Information	2	34	Information	249	220
Finance and Insurance	4	12	Finance and Insurance	575	537
Real Estate	3	7	Real Estate	710	742
Prof., Sci., and Tech. Svcs	2	24	Prof., Sci., and Tech. Svcs	971	1,069
Mgmt of Companies	-	-	Mgmt of Companies	19	9
Admin and Support	1	56	Admin and Support	839	733
Educational Services	2	2	Educational Services	2,546	2,505
Health Care and Social	6	1,066	Health Care and Social	10,529	11,674
Arts, Ent., and Rec.	1	170	Arts, Ent., and Rec.	987	894
Accomm. and Food Svcs	15	217	Accomm. and Food Svcs	3,073	3,258
Other Services	16	88	Other Services	1,270	1,177
Public Administration	-	-	Public Administration	417	456
Total	105	3,510	Total	31,659	32,519

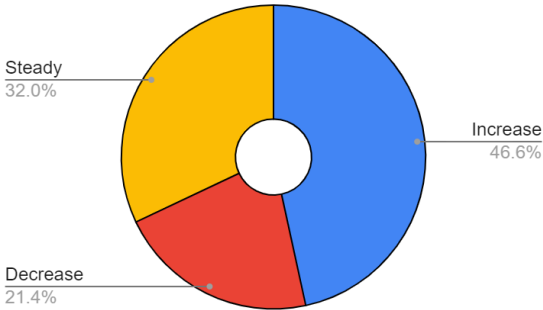
Engagement Overview



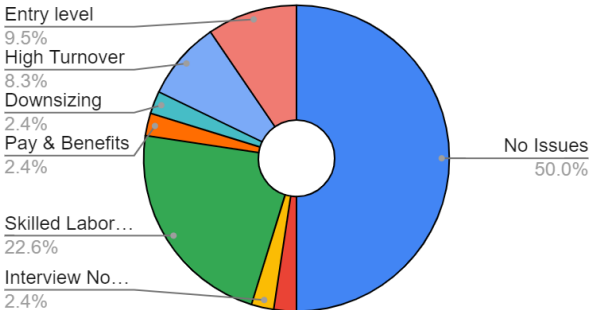
Key Business Activities and Experiences	
Less crime & vandalism now than in recent years	
Many businesses find it difficult to hire skilled workers	
Businesses are more positive about the future than in recent years	
Inflation & high interest rates are having a negative effect on businesses	
Businesses enjoy Lakewood's regional location & proximity to I-5	
Businesses near JBLM enjoy serving military service members and their families	
Many businesses report they receive many applicants who do not show up to interviews	

Business Health, Recovery, and Workforce

Do You Expect Business to Increase or Decrease Over the Next 12 Months?

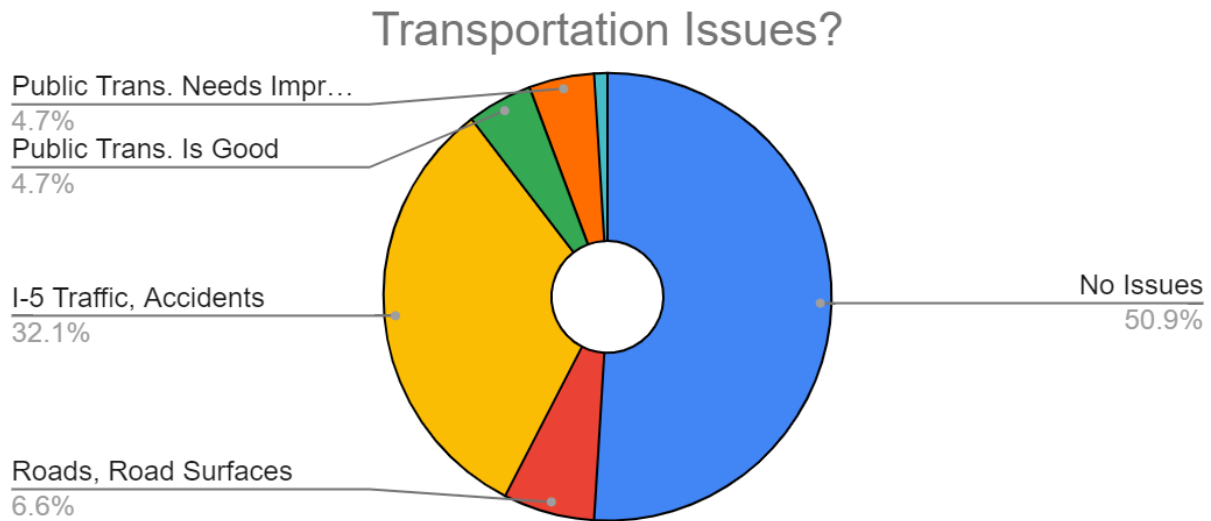


Difficulty with Hiring & Retention



Business Health, Recovery, and Workforce Issues
Businesses are more optimistic about the future than in the past few years
Inflation is negatively affecting the profit margins of many businesses
Hotels and Restaurants report some recovery, but still below pre-covid levels of business
Businesses like to see vacant buildings filled or subject to abatement
Most businesses report no difficulty with hiring or retention - first time since covid
Many businesses report difficulty in finding skilled employees
Some businesses report difficulty in finding entry level employees
Businesses report ~20% of entry-level interviewees show up to interviews
Some small businesses who downsized during covid have not yet been able to rehire
Most businesses report many applicants for most job openings
Several Transportation & Warehousing businesses report new drivers failing drug tests

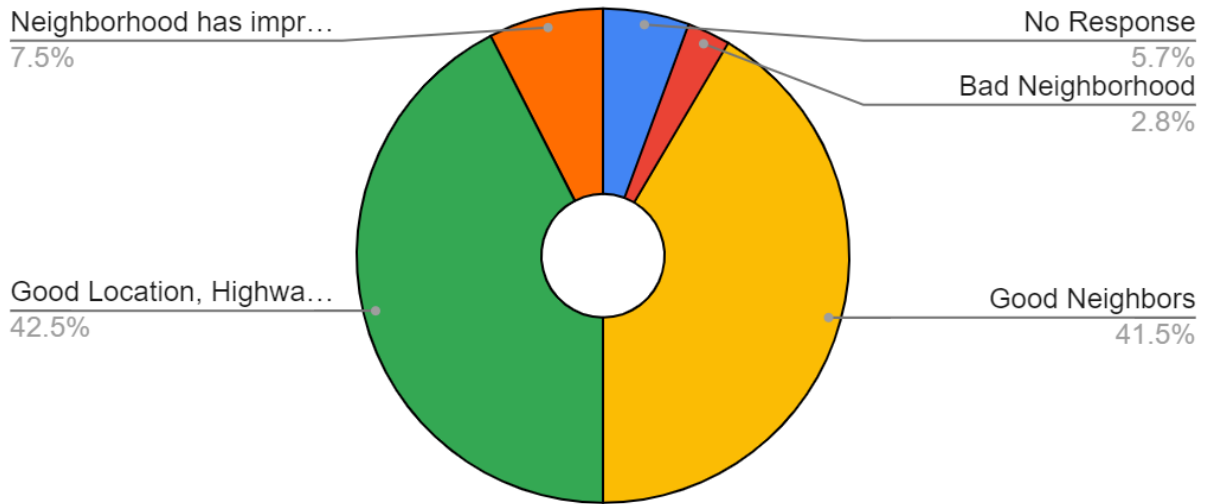
Transportation



Transportation Issues
Most businesses report no major issues with transportation
General traffic, accidents, and JBLM traffic on I-5 remain the main transportation issue
Businesses along Pacific Highway enjoy proximity to I-5 and advertising along I-5
International District businesses enjoy a large volume of customer traffic, car & pedestrian
Many businesses choose Lakewood for its regional location & ease of access to I-5
Businesses generally support roundabouts
Tillicum businesses would like to see a service road that connects to the City in lieu of I-5
Businesses report constant speeding along Union Ave.
The traffic signal @ Bridgeport/Pac Hwy 'hangs' after a train passes
Public transportation has mixed reviews, usually due to insufficient scheduling
Several businesses report only hiring workers with cars due to inconsistent public transp.

Neighborhood

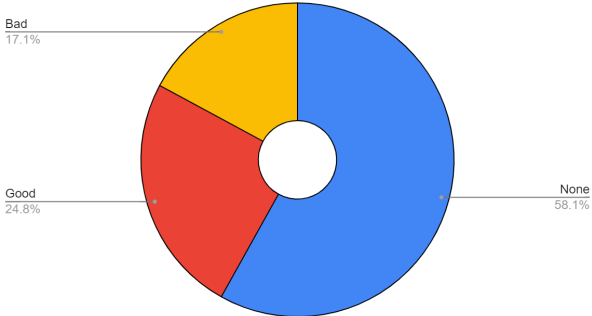
What do You Like About Your Neighborhood?



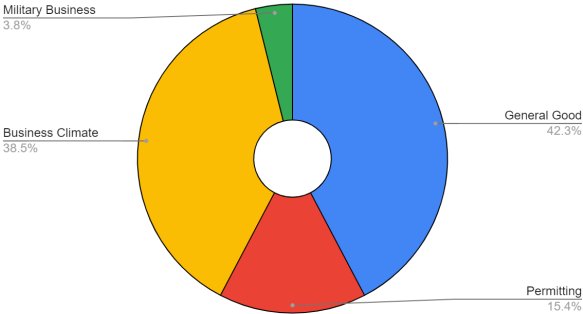
Neighborhood Comments
Many businesses report they are in a 'good location with good neighbors'
Businesses near JBLM enjoy the customer traffic from military personnel & families
Many areas of the city report reduced crime & vandalism over the past 12 months
Businesses like seeing more businesses filling empty buildings near them
Businesses like Lakewood's diverse population
Many businesses report their neighborhood has improved greatly over the past 10-15 years
A small minority of businesses report they do not like the neighborhood they are in

Business Climate

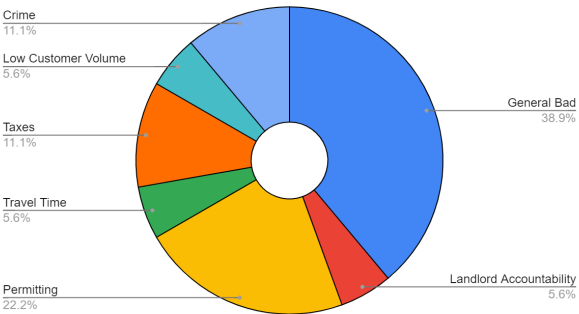
What Effect Does Lakewood Have on Your Business?



How Does the City Help Your Business?



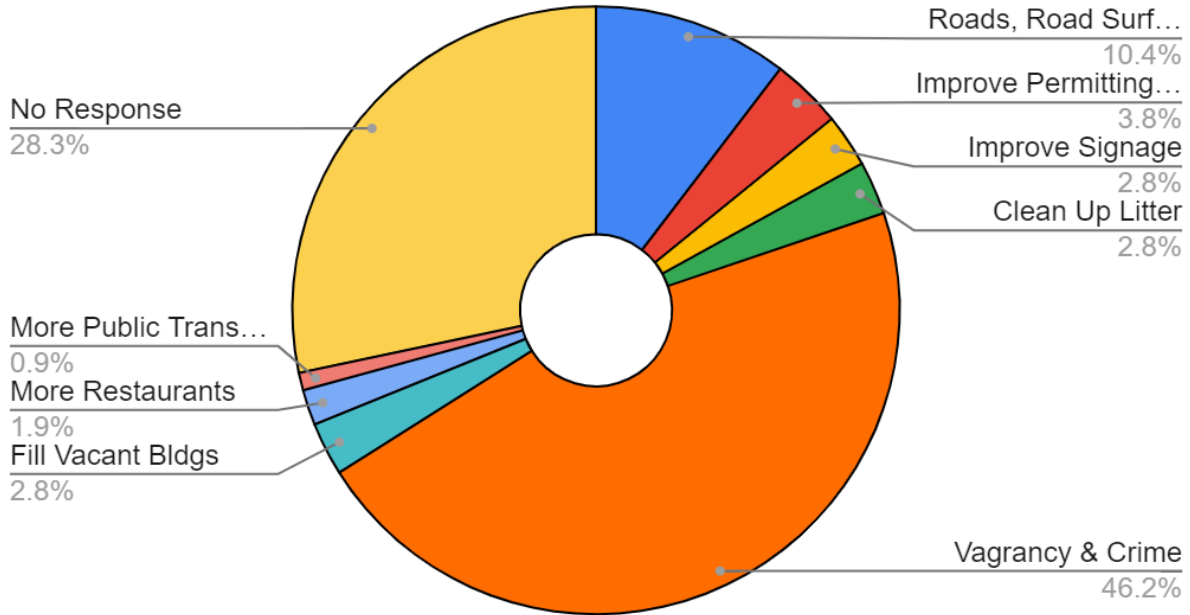
How Does the City Hinder Your Business?



Suggestions for the City to Improve the Business Climate
More community events with local businesses represented
Deal with homelessness & vagrancy; clean up trash & graffiti; more police presence
Improve Lakewood's image - difficult to recruit skilled workers to work or live in Lakewood
More programs for small business - workforce & financial support
Better communication between the city and businesses - newsletters, be more involved
More commercial & industrial spaces for businesses larger than retail shops
Get to 'Yes' on permits, permitting can be a large burden in certain cases
Offer a small business starter packet or checklist
More parks, trees, green spaces, sidewalks, transportation, and parking
Allow for more signage, especially frontage signage for businesses off arterial roads

General Suggestions

What Suggestions do You Have for the City?



General Suggestions
Address homelessness, vagrancy, crime, vandalism, and litter
Address seedy motel activity - it is scaring people away from neighborhoods
Bring a grocery store to Tillicum
Build more mixed-use buildings
Improve the permitting process, online portal
Fix traffic at Pac Hwy/512
Connect Tillicum to the City with a service road instead of I-5
Support more resources for homelessness
The City should allow marijuana businesses
Rebuild the library
Improve signage rules, clarity of rules

Discussion

How are businesses dealing with inflation and high interest rates?

Many businesses have recovered from the COVID-19 emergency. Restaurants, entertainment venues, health care providers, in-home services, hotels, and manufacturing were hit particularly hard. Health care providers have recovered and have hired 10% more employees than pre-covid. Hotels, Restaurants, Arts, Entertainment, and Recreation have recovered somewhat. Many businesses in these industries report they have not yet surpassed pre-covid numbers.

Businesses that sell high-ticket items such as real estate, auto sales, and construction report high interest rates are causing customers to make smaller purchases or to hold off on large purchases altogether. Car dealerships report that used car pricing has mostly normalized from the inflated used car market post-covid.

Nearly all businesses report that inflation has put pressure on prices and profit margins. Some businesses have pivoted almost entirely from wholesale to single-order ecommerce. Food, material, and fuel prices are squeezing small businesses.

What are businesses most concerned about?

The top concerns of businesses in Lakewood are homelessness, vagrancy, petty crime, and trash cleanup. Many businesses have experienced break-ins, theft, and the general nuisance of people taking up residence in or near their business. Although crime is still a concern, very few businesses reported shoplifting or violent crime as their main concern this year. While businesses report that homelessness and vagrancy are also still concerns, there are far fewer incidents reported than in previous years. Businesses call for road maintenance and pothole repair in greater numbers than in previous years.

Many businesses are concerned with permitting and signage rules and regulations. Businesses which are not on a major road or have odd locations or access are particularly affected by this issue. Current signage regulations bar many businesses from adding signage or frontage signage to inform customers of their location and offerings.

What do businesses think Lakewood is doing well?

The sidewalk expansion projects are almost unanimously beloved by all the businesses that are affected by them. Retail businesses, restaurants, healthcare providers, and professional service providers are all affected by customers' ability to travel to and from their location conveniently. Sidewalks are greatly improving Lakewood's ability to move people from place to place safely.

Many businesses report Lakewood as having a good business climate and good neighborhoods that have improved greatly in the past 10-15 years. Hotels, restaurants, and service providers near JBLM enjoy the customer traffic brought by military service members and their families.

What do businesses think Lakewood can do better?

Businesses want cleaner, more walkable streets, and less vacant buildings. Many businesses are concerned with Lakewood’s appearance and image to both residents of Lakewood and prospective customers from outside Lakewood. Businesses also call for litter to be picked up along roads and rights-of-way.

Newer businesses have experienced some difficulty in starting a new business in Lakewood. Many businesses have requested a ‘new business guide’ or ‘new business checklist’ to assist new businesses in preparing to go through the business licensing and startup process in Lakewood.

Businesses want clearer, more accommodating signage rules along with fair enforcement of those rules. Several businesses have voiced concern that they have been told by code enforcement to remove signs or advertisements that are very similar to signs and advertisements displayed by other businesses.

Transportation is a mixed bag in Lakewood. Some areas of the city are very well served by transportation. The Downtown Subarea has a bus transportation hub and sidewalks along many streets, making it very easy for people to get around without a car. Other areas of the city have no transportation options or sidewalks. Businesses in Tillicum/Woodbrook report the only reasonable way to get to Downtown Lakewood from there is via I-5, which can be a large hindrance depending on the time of day. A connection from Tillicum/Woodbrook to the main body of Lakewood via surface streets would be helpful during high-traffic times.

Many businesses have voiced a desire for increased communication from the City. Businesses contacted for BR&E engagement are mostly pleased to be involved in city activity and planning. Businesses are calling for more in-person engagement as well as an increased level of communication from the City through sources like newsletters.

City Information

