



Business Retention &  
Expansion (BR&E)

**2024 Annual Report**



# Table of Contents

Table of Contents.....	1
BR&E Program & Activities.....	2
Industry Impacts.....	3
Taxable Retail Sales.....	3
Business Contact by Industry.....	4
Engagement Overview.....	5
Business Health, Recovery, and Workforce.....	6
Transportation.....	7
Neighborhood.....	8
General Suggestions for the City.....	9
City Information.....	11
Discussion.....	11
How are businesses dealing with inflation and high interest rates?.....	11
What are businesses most concerned about?.....	11
What do businesses think Lakewood is doing well?.....	12
What do businesses think Lakewood can do better?.....	12

## 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.

The most pressing issues most businesses faced over the past year are inflation and high interest rates. Some industries are still seeing lead time and production issues that stemmed from the COVID-19 emergency. While these effects are not as prevalent now, niche products can still be very expensive or difficult to source at all.

Large-ticket retail establishments like car sales as well as real estate, finance, and insurance businesses report that inflation and high interest rates are turning away potential buyers. Customers are less confident today than they were last year and in turn are spending less money and taking out fewer loans.

Economic Development staff interviewed 87 businesses in 2024. This is in addition to outreach performed in collaboration with our partners, particularly the Lakewood Chamber, 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.

## Industry Impacts

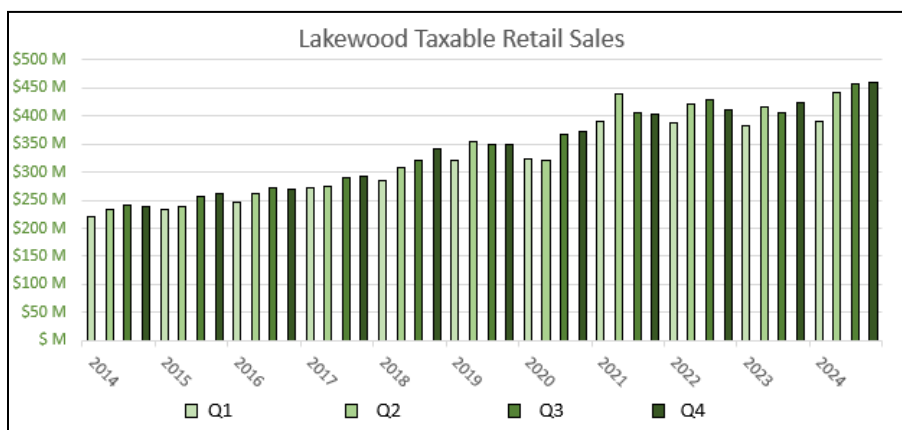
Job growth in Lakewood continues into 2025. Several sectors recorded minor employment reductions over the past 5 years including Manufacturing, Transportation & Warehousing, and Finance & Insurance. None of these sectors experienced greater than a 5% decrease in employment over 5 years. Retail Trade, Real Estate, Professional Services, Healthcare and Social Assistance, and Accommodation and Food Services all grew roughly 10% over the past 5 years.

Lakewood's Downtown Subarea is recognized as a Regional Growth Center by the Puget Sound Regional Council (PSRC). This means that Lakewood is looking to attract higher-density, mixed-use developments to Towne Center and the surrounding downtown area. Retail and mixed-use construction lend themselves to office use, restaurants, medical services, social services, educational services, and financial & insurance services.

Businesses from these growth sectors are the types of businesses Lakewood expects to see in the Downtown Subarea. Regional employment centers like Joint Base Lewis-McChord, St. Clare Hospital, Western State Hospital, and Fort Murray bring tens of thousands of people to the Lakewood area for work. The same types of businesses that Lakewood expects to create spaces for through densification are the types of businesses these employment centers tend to create demand for. This means that Lakewood is well-situated to provide the types of commercial spaces needed to serve the businesses the City expects to attract in the future.

## Taxable Retail Sales

Taxable retail sales have stagnated somewhat over the past 4 years. Inflation and high interest rates are common talking points for local businesses. 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. Recent events including wars, sanctions, tariffs, and counter-tariffs are also driving down consumer confidence.

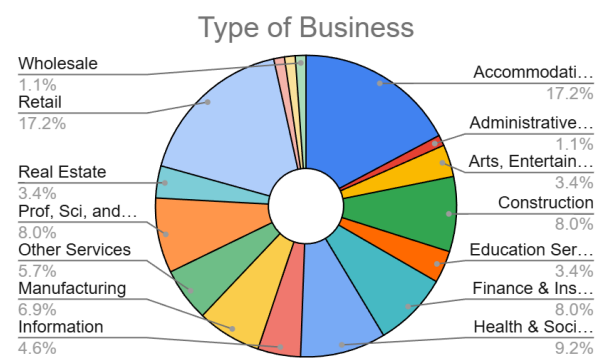
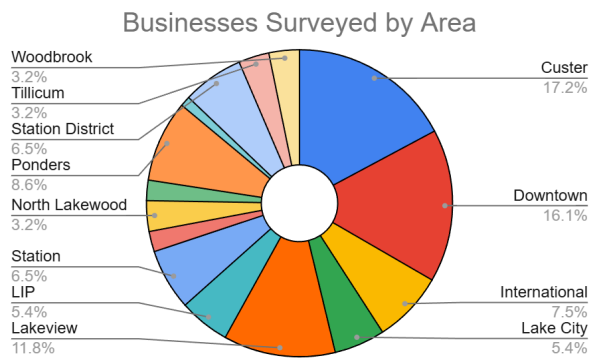
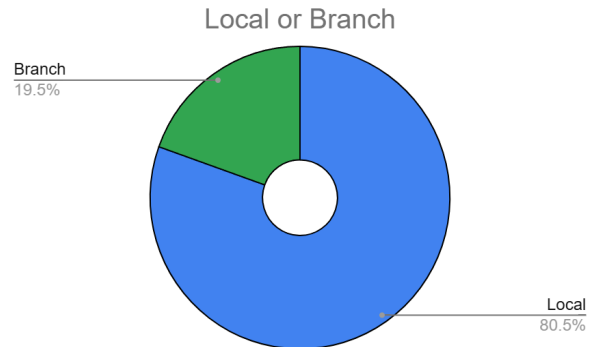
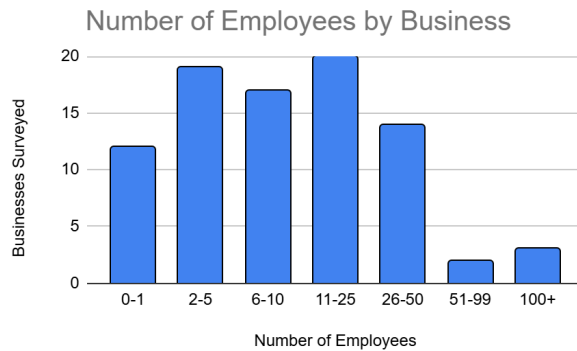


Source: Washington Department of Revenue

## Business Contact by Industry

2023 BR&E Outreach	Employers	Jobs	Employment by Industry (4Q Moving Average)	Q2 2020	Q2 2024
Ag., Forestry, Fishing, Hunting	-	-	Ag., Forestry, Fishing, Hunting	50	39
Mining, Quarrying, Oil & Gas	-	-	Mining, Quarrying, Oil & Gas	-	-
Utilities	1	28	Utilities	80	98
Construction	7	132	Construction	1,759	1,811
Manufacturing	6	703	Manufacturing	1,092	1,022
Wholesale Trade	1	500	Wholesale Trade	1,014	1,072
Retail Trade	15	345	Retail Trade	3,090	3,305
Transportation and Whsing	1	40	Transportation and Whsing	2,224	1,838
Information	4	21	Information	227	223
Finance and Insurance	7	39	Finance and Insurance	568	528
Real Estate	3	11	Real Estate	698	760
Prof., Sci., and Tech. Svcs	7	61	Prof., Sci., and Tech. Svcs	949	1,045
Mgmt of Companies	-	-	Mgmt of Companies	16	9
Admin and Support	1	2	Admin and Support	790	752
Educational Services	3	15	Educational Services	2,509	2,532
Health Care and Social	8	55	Health Care and Social	10,714	11,817
Arts, Entertainment, and Rec.	3	175	Arts, Entertainment, and Rec.	813	872
Accomm. and Food Svcs	15	259	Accomm. and Food Svcs	2,841	3,244
Other Services	5	88	Other Services	1,149	1,179
Public Administration	-	-	Public Administration	414	473
<b>Total</b>	<b>87</b>	<b>2,474</b>	<b>Total</b>	<b>30,997</b>	<b>32,618</b>

# Engagement Overview

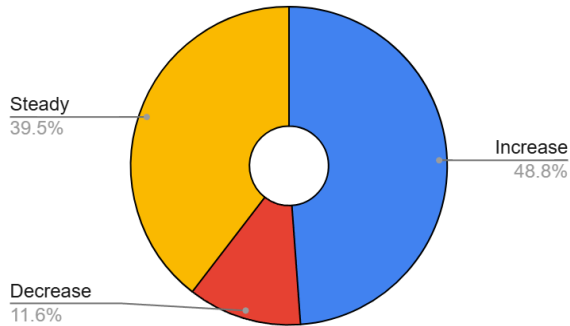


## Key Business Activities and Experiences

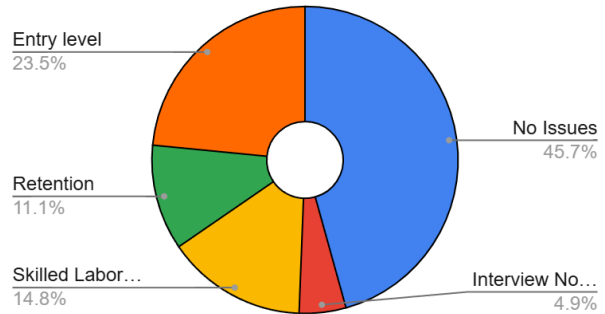
Less crime & vandalism now than in recent years, still a major concern for businesses
Many businesses find it difficult to hire entry level workers
Businesses continue to be more positive about the future than in recent years
Inflation & high interest rates have a negative effect on businesses, consumer confidence
Businesses enjoy Lakewood's regional location & proximity to I-5
Illegal dumping is reported much more often than last year
Many businesses report they receive many applicants who do not show up to interviews
Many businesses report issues with permitting, licensing, and inspections

# Business Health, Recovery, and Workforce

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

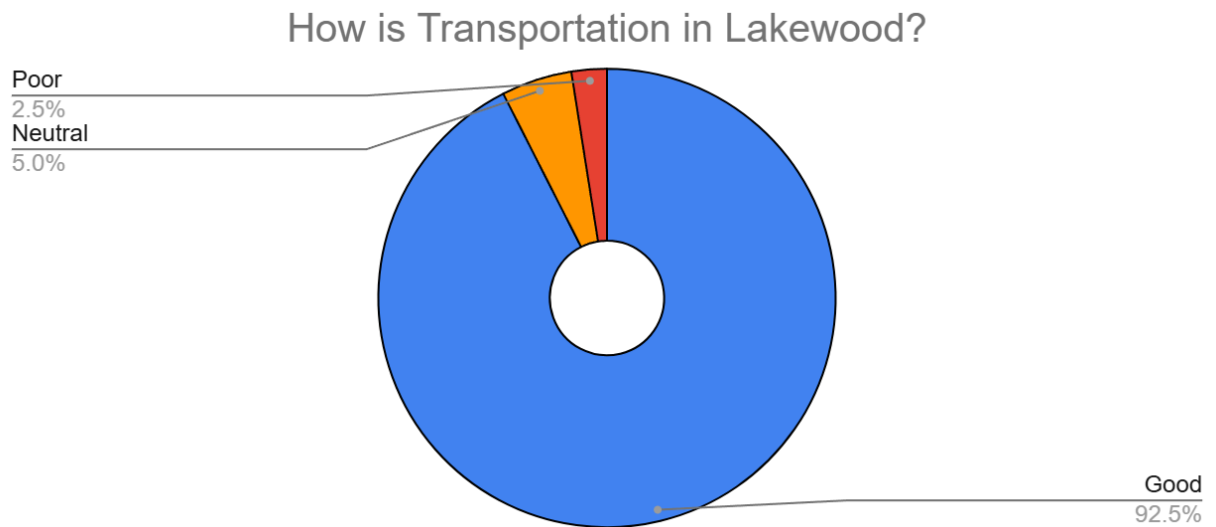


Difficulty with Hiring & Retention



Business Health, Recovery, and Workforce Issues
Businesses continue to be more optimistic about the future than in the past few years
Inflation is negatively affecting the costs and profit margins of many businesses
Illegal dumping is being reported more often than in recent years
Businesses are having much more difficulty hiring entry level employees
Some businesses report difficulty in finding skilled employees
Businesses report ~20% of entry-level interviewees show up to interviews
Businesses that utilize workforce resources report less issues with hiring and retention

## Transportation

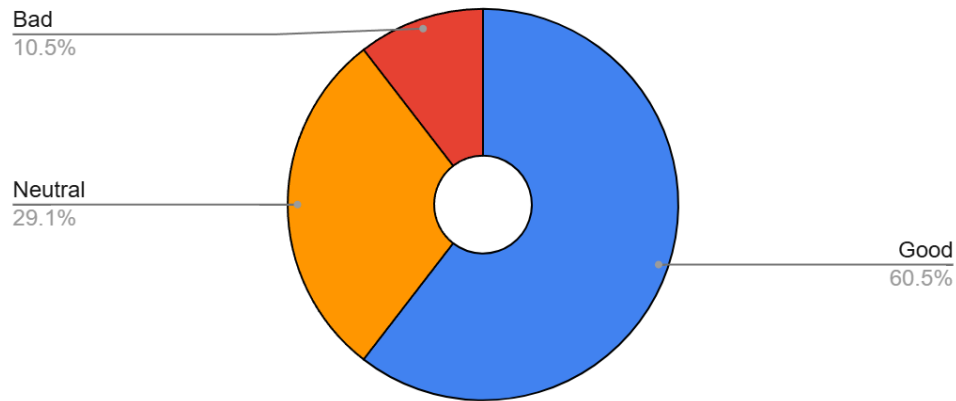


Transportation Issues
The majority of businesses report no major issues with transportation
Traffic at I-5 and SR 512 is the most commonly reported issue
Many businesses choose Lakewood for its regional location & ease of access to I-5
Businesses along Pacific Highway enjoy proximity to I-5 and advertising along I-5
Many businesses want more sidewalks
Businesses generally support roundabouts
Public transportation has mixed reviews, usually due to insufficient scheduling
Several businesses report only hiring workers with cars due to inconsistent public transp.
Several businesses report that road surfaces have deteriorated

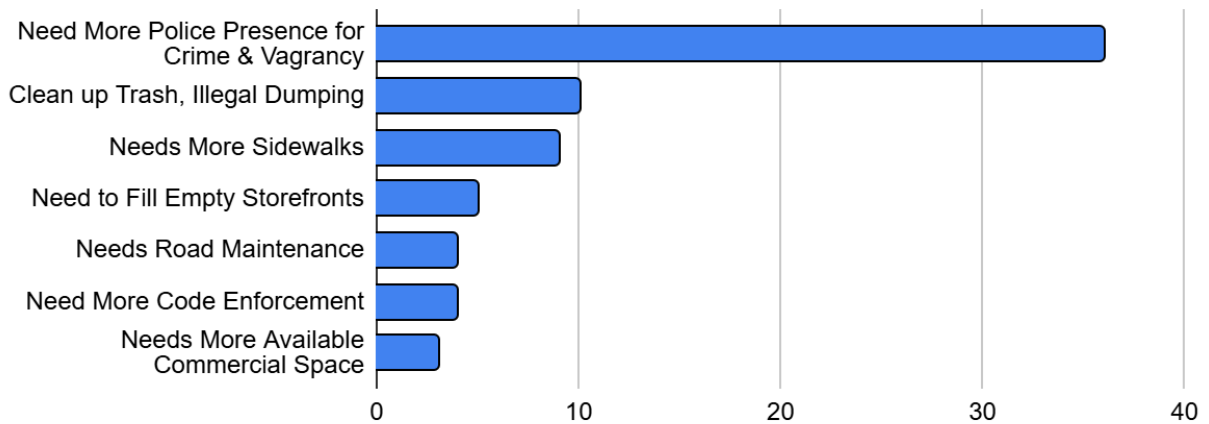


# Neighborhood

How do You Feel About Your Neighborhood?

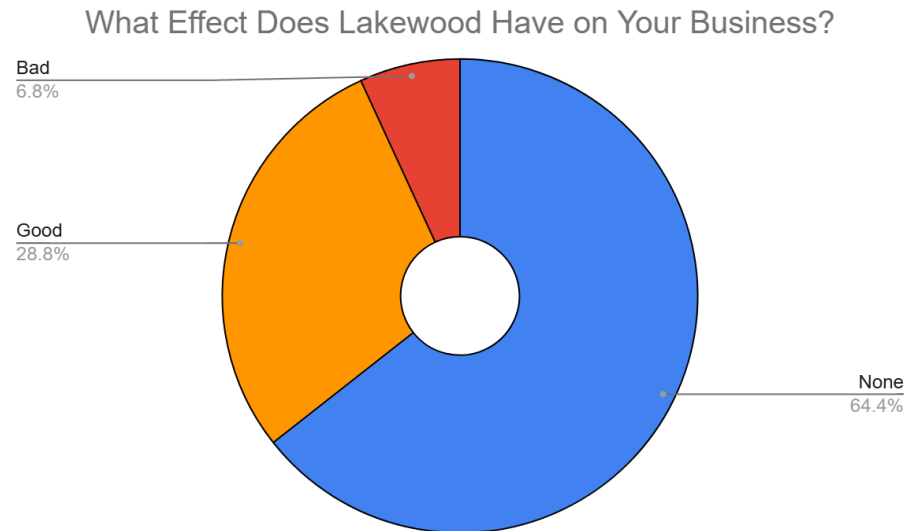


Comments on How Neighborhoods Feel

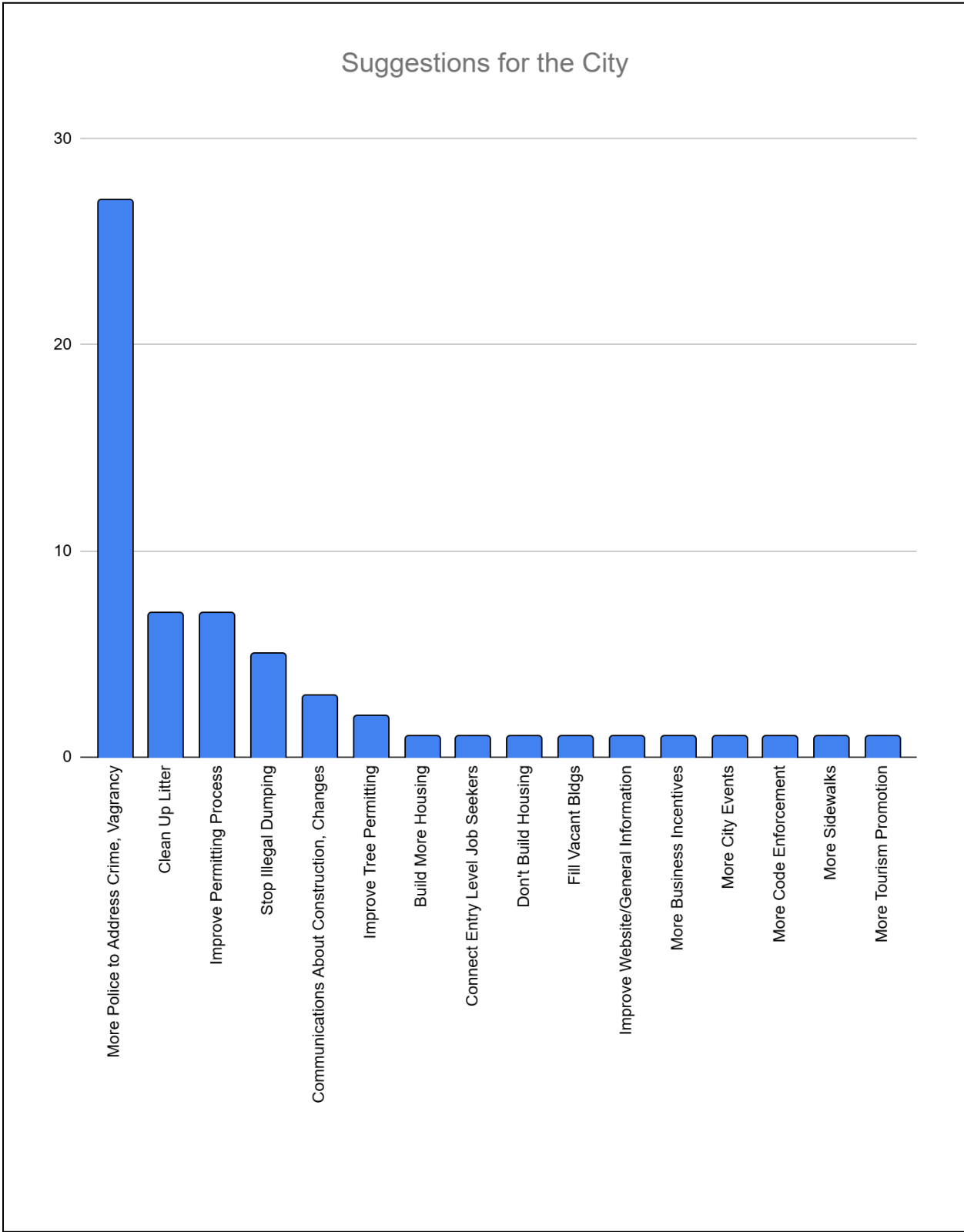


Neighborhood Comments
Many businesses appreciate Lakewood's regional location
Many businesses report they are in a 'good location with good neighbors'
Many areas of the city report reduced crime & vandalism over the past 12 months
Trash and illegal dumping have increased since last year
Businesses want to see empty storefronts filled or at least cleaned up
Businesses like Lakewood's diverse population
Many businesses report their neighborhood has improved greatly over the past 10-15 years

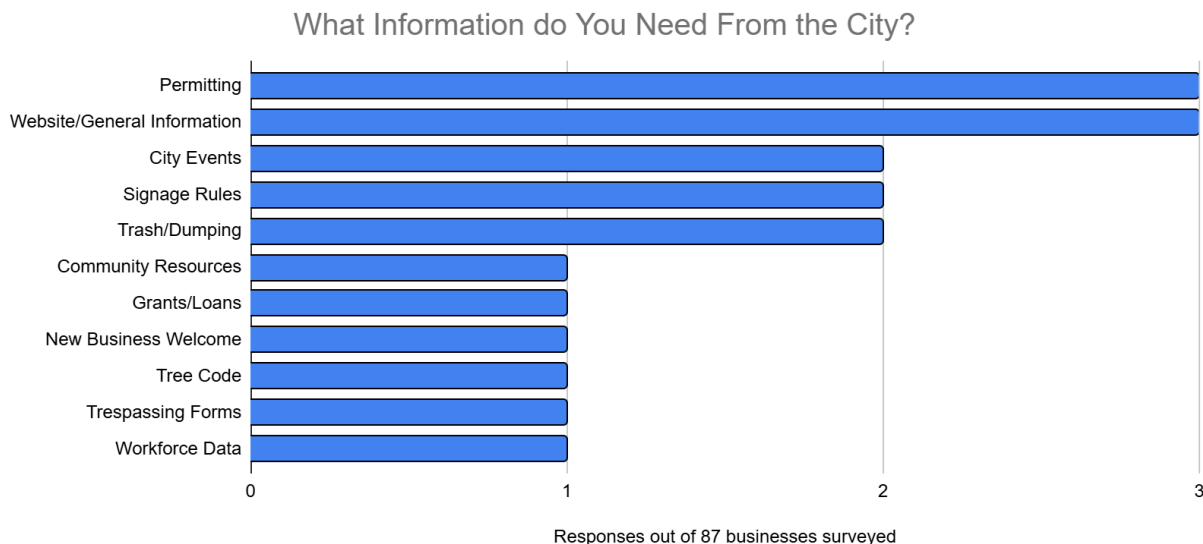
## General Suggestions for the City



Suggestions for the City to Improve the Business Climate
More police presence to address vagrancy, crime, vandalism
Clean up trash, illegal dumping
Improve Lakewood's image - difficult to recruit skilled workers to work or live in Lakewood
More commercial & industrial spaces for businesses larger than retail shops
Many businesses report that negative stigma about Lakewood dissuades customers
Improve permitting, licensing, and inspections, especially for new businesses
Offer a small business starter packet or checklist
More parks, trees, green spaces, sidewalks, transportation, and parking
Improve signage & advertising information - what signage is allowed?
More City events
More code enforcement



## City Information



## Discussion

### How are businesses dealing with inflation and high interest rates?

Inflation and high interest rates are by far the most commonly reported outside factors on businesses in Lakewood. Inflation is driving up material costs while simultaneously reducing consumer spending power.

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. Restaurants, hotels, retail stores, and manufacturing businesses are now also reporting that inflation is among their chief concerns.

### What are businesses most concerned about?

The top concerns of businesses in Lakewood are vagrancy, petty crime, and trash cleanup. Many businesses have experienced break-ins, theft, and the general nuisance of people loitering or taking up residence near their business. Reports of vagrancy, crime, and vandalism are down from last year while reports of illegal dumping are up.

Many businesses report an increase in difficulty hiring entry level employees. Interviewees do not show up to interviews or pass the interview and do not show up to work. Hiring skilled employees and retaining employees are still a concern for some businesses, though entry level hiring issues have sharply increased.

## 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.

Several businesses report that the Thorne Lane I-5 interchange that connects Tillicum and Woodbrook is a great improvement for residents and businesses. People in Tillicum and Woodbrook are looking forward to further transportation improvements including the Gravelly-Thorne connector path.

While some businesses report that Lakewood still has a negative stigma surrounding vagrancy and petty crime, 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.

Construction, Transportation & Warehousing, Wholesale, and Healthcare and Social Services businesses love Lakewood's regional location and access to major roads and transportation hubs. Businesses find it easy to get from Lakewood to wherever they need to go, and customers find it easy to travel to Lakewood for goods and services.

## What do businesses think Lakewood can do better?

Many businesses report that the permitting, licensing, and inspections process for new businesses is difficult and slow. City staff are currently revising internal processes to improve lead times and consistency in permitting. In 2025, the City will be moving to a new permitting software suite which will improve the permit submittal experience, making it much easier for an applicant to see which documents, information, or certificates are needed to keep the process moving.

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 and illegal dumping sites to be cleaned up more regularly.

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. Businesses also request more information about local construction, code changes, and zoning changes.