



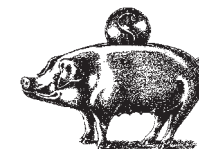
Pike Place Market Preservation and Development Authority

A Business, Economic and Public Policy Assessment of the PDA's Properties

January 2004

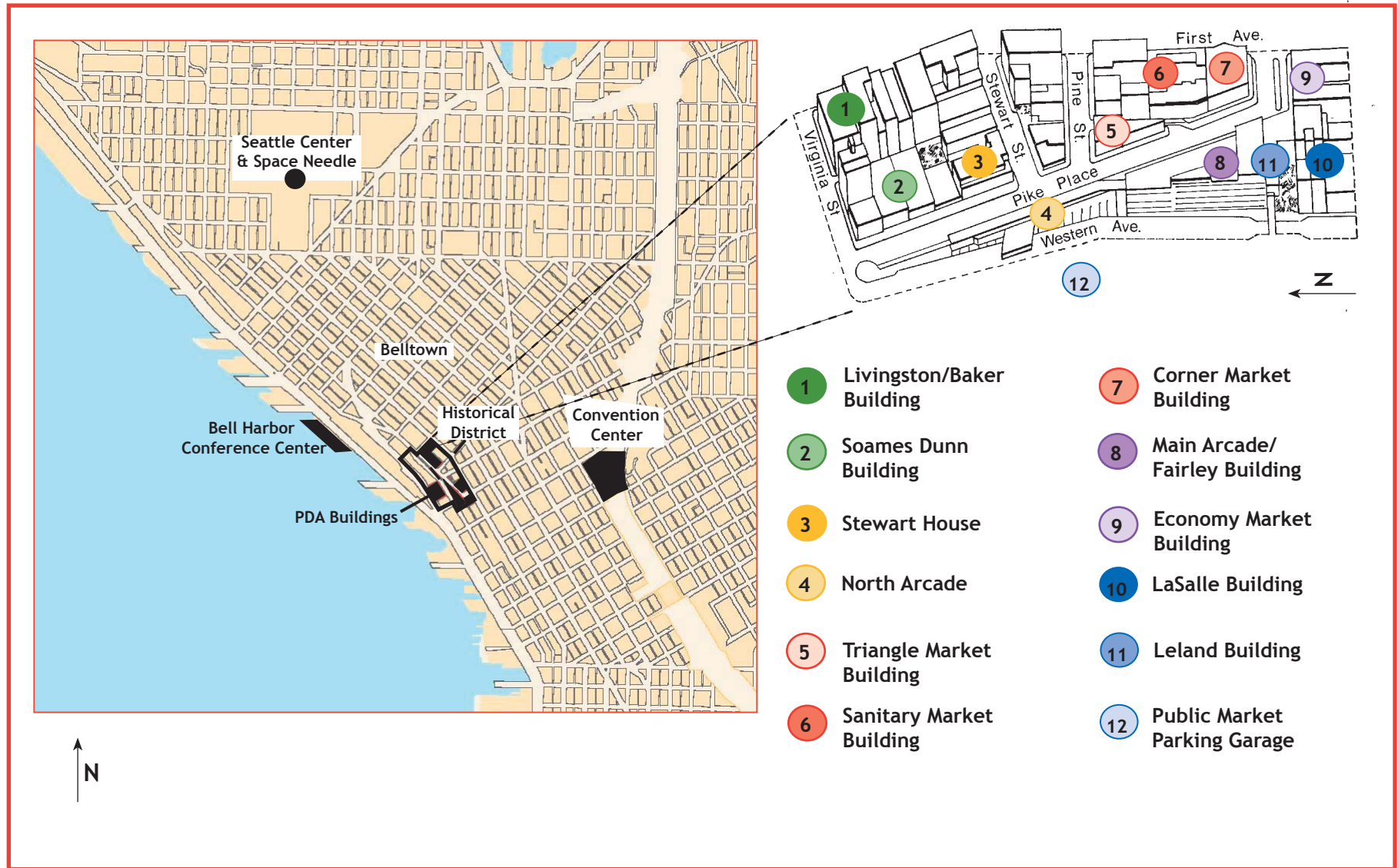
Pike Place Market
Preservation and
Development
Authority

PIKE
PLACE
MARKET



The Market
Foundation

PIKE PLACE MARKET VICINITY AND PDA BUILDINGS



PIKE PLACE MARKET: IMPORTANT ECONOMIC CONTRIBUTOR

The Market is an important business and economic contributor in the region.

The analysis shows that the Market is a significant contributor to business growth and economic activity in downtown. Gross revenues of businesses in PDA properties were nearly \$86.8 million in 2002, up 6.1% from revenues of \$81.8 million in 2000. In 2002, the sales activity in PDA properties generated approximately \$3.9 million in tax revenues, including \$3.3 million in sales taxes, \$500,000 in B&O taxes and more than \$100,000 in utility taxes.

The Market also serves as a major employment center, with the number of workers at PDA buildings ranging seasonally from approximately 1,500 in winter to up to 2,400 in summer. Indirect and induced employment adds another 3,600 jobs associated with related business transactions, and much of the economic benefit associated with these jobs remains in the local economy, due to the local ownership of Market businesses.

In addition to the economic benefits of the Market's enterprise activities, the Market provides community and economic development value to the city of Seattle. These benefits are related to the Market's role in creating and maintaining community character and livability downtown and city-wide, and in enhancing Seattle's image and identity as a desirable place to live and to visit.

The Market plays an important role in Seattle's commerce and culture, serving as a vibrant anchor of downtown activities. In particular, the Market has been a significant contributing factor to the growth of key downtown neighborhoods such as Belltown, the waterfront and the Western Avenue area (including the Harbor Steps development).

The Market serves as a neighborhood grocer and mercantile center for the 20,000 persons living within walking distance. In this role, it has played an important part in the recent growth of Belltown, the waterfront and nearby neighborhoods.



“Really neat: Pike Place Market, in downtown Seattle, is famous for the stalls where the traders throw fish and chorus in operatic style if you have the courage to buy anything. The Athenian Inn, located in the Market, is one of Seattle's oldest places to eat.”

*The Guardian
(United Kingdom)
September 16, 2000*



For decades, the Market has drawn 8-10 million visits annually, including locals and tourists from across the country and the world. Interviews conducted for this project indicate that visitors to Seattle have a high awareness of the Market and seek it out as a destination upon arrival.

The Market's many visitors benefit nearby businesses and downtown attractions, as well. In close proximity to the Downtown retail core, theaters, and symphony hall, the Market is part of a vibrant network of downtown activities.

The Pike Place Market is a Seattle icon and historic landmark for residents and visitors alike – one of the most recognized attractions in the City and a critically important part of the fabric of Seattle. For generations, the Market has played a pivotal role in the economic health of downtown and beyond.



BACKGROUND AND REPORT PURPOSE

This report was commissioned by the Pike Place Market Preservation and Development Authority (PDA) and the Market Foundation to inform the PDA Council, the City of Seattle, Market stakeholders and the public about the Market's business, economic and fiscal impacts on Seattle and the broader community.

The quantitative analysis in this study focused exclusively on retail activity of PDA tenants. The many retail businesses within the Historical District and outside of PDA-owned buildings add great value to the Market and to the City, as discussed in the qualitative sections of the report. Similarly, social services and housing based in the PDA buildings add value and are also not included in this study. A companion Technical Appendix has also been prepared, containing data and the results of the technical analysis.

The balance of the report is organized around the concept (illustrated to the right) that sustainable economic development depends on three key elements: business growth and economic activity; Seattle image and identity and, community character and livability.

Toward that end the Market's role in each of these areas is assessed.

- > **Business and Economic Activity.** Analysis of the Market's role in the local economy and as an economic engine, including analysis of direct and indirect economic impacts, direct tax revenue benefits, Market employment and indirect and induced economic activity;
- > **Community Character and Livability.** An assessment of the community and regional benefits associated with the Market's role in promoting community character and livability;
- > **City Image and Identity.** A brief assessment of the economic development benefits of the Market's contribution to the City's image and identity.



RESEARCH METHODS

“The Market” – Commonly refers to the whole of business activity within the Historical District, though Seattle residents and visitors surely vary broadly in their own perceptions of Market boundaries. Report references of “The Market” follow the common reference to the Historical District.

Pike Place Market Historical District – Seven-acre land area approved as an Historical District in 1971 by Seattle voters and expanded by City Ordinance 113199 in 1986 to incorporate additional property on the west side of Western Avenue.

Pike Place Market Historical Commission – Established along with District boundaries in 1971 “to make those judgments of quantity and quality which assure preservation of the character of the Market and perpetuation of the architectural, cultural, economic and historical qualities of the District” (Pike Place Market Historical District Guidelines, Seattle Municipal Code SMC 25.24)

Pike Place Market Preservation and Development Authority (PDA) – The Pike Place Market PDA is a nonprofit public corporation chartered by the City of Seattle in 1973 to serve as caretaker and steward of the City’s historic public market center. The PDA serves as landlord for the majority of properties located within the Market Historical District.

The Pike Place Market Foundation – Raises money to support the Market’s services for low-income people, including its Medical Clinic, Senior Center, Food Bank and Child Care & Preschool. The Foundation also supports the Market’s heritage programs, public improvements and repairs to the Market’s historic buildings, development of new low-income housing in the Market, and programs that assist the Market’s farmers.

The framework for this report includes a range of quantitative analysis to qualitative analysis, designed to document the economic context relevant to the PDA’s capital needs assessment. Toward this end, the economic analysis focuses narrowly on the direct and indirect economic benefits resulting solely from the activity occurring in PDA-managed properties.

Research contributing to this report included technical data analysis, qualitative analysis and interviews of PDA staff and tenants. The quantitative work included detailed analysis of tenant information provided by the PDA, confidential data gathered by State and City government regarding revenues and employment provided and business activity data reported by PDA tenants through a tenant survey of all PDA tenants (including daystall renters). The public-sector data included existing data sets analyzed for this study, including some analysis completed by the City of Seattle, the Washington State Employment Security Department and the Washington State Department of Revenue.

THE ROLE OF THE PIKE PLACE MARKET PRESERVATION AND DEVELOPMENT AUTHORITY

The Pike Place Market Preservation and Development Authority was chartered in 1973, with authority for operating, managing, preserving and developing the Market's buildings, infrastructure and open space. The PDA is responsible for supporting the Market Historical Guidelines and is accountable to its tenants, crafts vendors and farmers, as well as the citizens of Seattle – all of whom rightfully claim a sense of ownership of the Market.

Through its charter, the PDA is directed to expand food retailing in the Market – with an emphasis on the sale of local farm produce; preserve and expand the residential community – with particular emphasis on housing for low-income people; and promote the survival and predominance of small shops, marginal businesses, thrift shops, arts and crafts, and “other enterprises, activities, and services that are essential to the functioning of the Market.”

The PDA's primary operating functions are that of property manager and business support center. As property manager, the PDA manages leasing activities, responds to tenants' needs, and works to provide a safe and clean environment for the millions of people that visit and spend money at the Market each year. In its property management role, the PDA schedules property maintenance activities, incurs property maintenance costs and manages rental revenue to adequately fund operational costs, including routine maintenance needs. In this role, the PDA functions in one aspect as an individual business, similar to any property manager of a commercial center.

The Pike Place Market Preservation and Development Authority was Chartered in 1973 to:

- Ensure the traditional character of the Public Market is preserved
- Renew, rehabilitate, preserve, restore and develop structures and open spaces in and around the Market Historical District
- Continue the opportunity for Public Market farmers, merchants, residents, shoppers and visitors to carry on traditional market activities
- Initiate programs to expand food retailing in the District, especially the sale of local farm produce
- Preserve and expand the residential community especially for low-income people
- Promote the survival and predominance of small shops, marginal businesses, thrift shops, arts and crafts, and other enterprises, activities, and services which are essential to the functioning of the Market

History of Capital Investments at the Pike Place Market

August 1907	Pike Place Market opens with 10 farmers and thousands of eager customers. Construction of the permanent arcades begins.
1908	Construction of the Seattle Garden Center. Triangle Market was erected for the South Park Poultry Company.
1910	Sanitary Market was designed by Daniel Huntington.
1912	Corner Market, a landmark building, designed by Harlan Thomas, is completed.
1914	Main Market is designed by Frank Goodwin and completed.
1916	The Economy Building became part of the Market.
1922	DownUnder, hugging the hillside under Pike Place, was completed.
1927	The clock and Public Market Center sign were installed, among the first large outdoor neon signs on the West Coast.
1941-42	Fire destroyed the Sanitary Market Building. Joe Desimone purchased the Market's main arcades and expanded the Sanitary Market in 1942.



Early Days at the Market (1910)

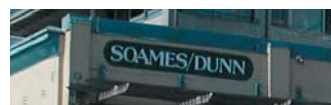


Exhibit 1: PDA Managed and Operated Buildings

	Year Constructed
Economy Market	1900
LaSalle Building	1901
Livingston Baker	1901
Leland Building	1901
Stewart House	1906
Main Market	1908
North Arcade	1909
Sanitary Market Building	1910
Triangle Building	1910
Corner Market	1912
Dunn Building	1918
Soames Building	1922
Public Market Parking Garage	1989

Source: King County Department of Assessments

STRONG FINANCIAL POSITION

The PDA's Strong Financial Position. In 1999, the City of Seattle conducted an audit of the PDA and found the PDA's financial position to be strong, "based on trends in operating surpluses, assets, and cash increases; and on the creation and maintenance of capital and operating reserves." In addition to covering ongoing operating costs, the PDA maintains low-income housing reserves and pays into a capital and operating reserve fund to weather potentially leaner times ahead.

The City found that the PDA appropriately uses operating revenues to manage its Capital Repair and Replacement Fund (CRRF) for the Market's physical infrastructure maintenance. The City documented that in 1999, the PDA Council's Finance Committee sought to maintain a higher balance of the CRRF in anticipation of increasing construction costs and the "need for major rehabilitation as the Market renovations of the 1970s age, and for capital improvements to meet customer needs and preferences."

The PDA manages revenue from two principal sources of funding in its efforts to build up the CRRF: (1) retained earnings (tenant rents); and (2) Market Foundation capital donations. As identified in the PDA's charter, the retained earnings can be applied to expansions, whereas public financing applies toward preservation of existing buildings.

The audit report demonstrated that retained earnings have adequately funded the most critical maintenance needs, but are inadequate to address the major capital reinvestment requirements now facing the PDA.



The Market in the 1940s

More History of Capital Investments at the Pike Place Market

1963

Aging Market buildings were slated for demolition; urban renewal plans presented.

1964

Friends of the Market was formed by Victor Steinbrueck and others who opposed demolition plans and campaigned for the Market's preservation.

1971

Approval by Seattle voters to preserve the Market by creating a historic district - the only such district in the nation created by popular vote.

1973

PDA chartered by the City of Seattle.

1975

Corner Market building rehabilitated.

1977

Main Market restored.

1978

Victor Steinbrueck Park designed and completed.

1978

Soames-Dunn Building was remodeled and the Economy Market was expanded.

Further History of Capital Investments at the Pike Place Market

1981-	
1983	Market entered into real estate and management agreements with the Urban Group to raise capital for rehabilitation projects.
1981	
	Sanitary Market extensively remodeled.
1982	
	The Market Foundation was created; Stewart House designed and completed.
1985	
	Inn at the Market designed. PDA began a campaign to replace wood floors of the arcade with 46,500 tiles.
1986	
	Rachel, the bronze piggy-bank and Market's unofficial mascot, arrived under the Market clock.
1989	
	The Public Market Parking Garage is completed.
1990	
	Via Charter amendment, PDA's ability to buy and sell real estate is subject to specific limitations following resolution of the Urban Group suits
1993-	
1996	Care for the Market Campaign raises \$3.1 million.
Today	
	Pike Place Market is within walking distance of Seattle's retail and hotel districts and connected to the waterfront via a system of stairs, elevators and skybridges.

Timeline and Photo Sources: 1999 PDA Annual Report and <http://historylink.org>



The Market Before Renovation in the 1960s

KEY DEFINITIONS

Commercial Tenants - Businesses that lease permanent space, typically individual shop spaces, from the PDA on an annual basis. The PDA has 190-200 commercial tenants.

Daystalls - Space rented out to farmers and craftspersons on a daily basis. Unlike commercial tenants, daystall tenants might locate in a different space in the Market from day to day.

Farmers - The PDA ensures that every farmer selling at the Market complies with specific rules and regulations, which include inspection of the farms. Farmers can only sell products approved as part of the farm inspection. Farmers must actively grow (plant, cultivate and harvest) all products sold in the Market. Farmers are not permitted to purchase anything for resale.

Crafts - The PDA's Daystall Rules seek to foster successful crafts businesses, promote a unique, diverse mix of handmade products, maintain standards of artistic involvement by the producer and provide opportunities for incubation of new crafts businesses in the daystalls. As with produce, crafts must meet specific criteria for daystall sales. Most importantly, the seller must handcraft all items. (The PDA has very specific criteria established to determine whether products are handcrafted.)

BUSINESS GROWTH AND ECONOMIC ACTIVITY: DIRECT AND INDIRECT ECONOMIC IMPACTS

Business Activity at the Market. As Exhibit 2 shows, PDA tenant business operations at the Market, including commercial tenants, farmers and craftspersons, generated \$86.8 million in total sales and gross revenues in 2002, up 6.1% from \$81.8 million in 2000. Total sales at the Market increased by an average of 3.0% per year from 2000 to 2002, compared to an average *decline* of retail sales city-wide of 1.8%.²

The PDA has 190-200 commercial tenants leasing space at any given time. Craft and farm businesses use 17,000 square feet of leasable space on a daily basis, based on the number of tables each business rents from day to day. Peak days in the summer season bring tables onto the sidewalks and street, thereby accommodating even more activity for farmers and crafts sales. During 2002, 200 craftspersons and 119 farmers held permits to sell their products at the Market. Of these permit holders, 200 craftspersons and farmers locate in daystalls in the Market and the North Arcade on a typical day from May through September and in December.

Of the \$86.8 million in gross revenue generated at PDA buildings in 2002, \$66.4 million is attributable to commercial tenants, including food vendors (\$27.1 million or 31.2% of the total), a broad variety of mercantile establishments and services (\$19.5

million and 22.5% of total) and restaurants (\$19.8 million and 22.8% of total). Revenues generated through the daystalls consisted of \$18.1 million (20.9%) in crafts sales and \$2.3 million (2.6%) in farmers' sales.³

In 2000, the \$81.8 million included \$60.6 million of gross revenue by commercial tenants, including food vendors (\$27.1 million or 33.1%), a broad variety of mercantile establishments and services (\$17.8 million and 21.8% of the total) and restaurants (\$15.7 million and 19.2%). Revenues generated through the daystalls consisted of \$19.2 million (23.5%) in crafts sales and \$2.0 million (2.4%) in farm sales.



In 2002, 50% of PDA commercial tenants had revenues of less than \$150,000 per year.

*Source: Pike Place Market
Preservation &
Development Authority*

**Exhibit 2:
Summary of Business Revenues Generated by PDA Tenants**

	Gross Revenues		Percent Change
	2000	2002	
Total Commercial Tenants	\$ 60,600,000	\$66,400,000	9.6%
Craft Sales	19,200,000	18,100,000	-5.7%
Farmers Sales	2,000,000	2,300,000	15.0%
Total Gross Revenues	\$81,800,000	\$86,800,000	6.1%

Source: Washington State Department of Revenue, Pike Place Market Preservation and Development Authority



**Exhibit 3:
Summary of Tax Revenues Generated by PDA Tenants**

	2000	2002	Percent Change*
Sales Tax			
Washington State	\$ 2,022,400	\$ 2,337,600	15.6%
City of Seattle	264,500	305,700	15.6%
King County	46,700	53,900	15.4%
Local Transit	248,900	287,700	15.6%
Regional Transit	124,500	143,800	15.5%
Criminal Justice System	31,100	36,000	15.8%
Baseball Stadium	80,800	94,600	17.1%
Total Sales Tax	\$2,818,900	\$3,259,300	15.6%
B & O Tax			
Washington State	\$314,200	\$343,300	9.3%
City of Seattle**	145,600	161,000	10.6%
Total B & O Tax	\$459,800	\$504,300	9.7%
Utility Tax***			
Washington State	\$91,700	\$97,300	6.1%
City of Seattle	9,900	10,500	6.1%
Total Utility Tax	\$101,600	\$107,800	6.1%
Total Tax Revenues			
Washington State Taxes	\$2,428,300	\$2,778,100	14.4%
City of Seattle Taxes	420,000	477,200	13.6%
Other Local Gov't. Taxes	531,900	616,100	15.8%
Total State and Local Taxes	\$ 3,380,200	\$ 3,871,400	14.5%

Source: Washington State Department of Revenue, Pike Place Market Preservation and Development Authority

Notes:

* Values shown as "Percent Change" are based on rounded tax collection values

** Estimated using State and City Taxable Revenues and Receipts

*** Excludes Telephone Taxes

The gross revenue estimates show that approximately 55% of annual Market sales relate to food purchases - including a full range of preparation from fresh fish, meat and produce to take-out and catering, to all types of restaurants. Food sales have long been a key Market management objective, and current sales reflect this emphasis.

Direct Tax Revenue Benefits. The sales activity at the Market generates tax revenues to state, regional and local governments. The vast majority of tax revenues from Market activities come in the form of sales tax, followed by business and occupation (B&O) tax and utility tax revenues. The PDA is exempt from paying property tax and its tenants do not pay the leasehold tax typically paid by businesses located in publicly-owned buildings.

In total, the \$86.8 million in sales in 2002 generated approximately \$3.9 million in tax revenue in 2002 (Exhibit 3). Tax revenue included \$3.3 million in sales taxes, \$500,000 in B&O taxes and more than \$100,000 in utility taxes.⁴ Comparable estimates for 2000 include \$2.8 million in sales tax, \$460,000 in B&O tax and \$100,000 in utility taxes, totaling \$3.4 million in all taxes generated by PDA tenants in 2000.

The tax revenues generated at the Market flow to the City of Seattle, King County, and Washington State. B&O taxes and utility taxes are distributed only to the State and the City, whereas sales taxes are dispersed to a wide variety of interests.

An 8.8% sales tax applies to over-the-counter sales at the Market, and an additional 0.5% is added to restaurant sales at the Market. Most of the sales tax revenue goes to the State, based on the statewide 6.5% sales tax. The City sales tax is 0.85% of taxable sales items, and the remaining 1.45% sales tax goes to the County, the criminal justice system and transit (including Metro King County and Sound Transit). The additional 0.5% tax on restaurant sales goes to the Washington State Major League Baseball Stadium Public Facilities District.



² Adjusted for inflation of 1.7% based on U.S. Gross Domestic Product reports, Pike Place Market sales increased at a real rate of 1.5%, compared to a Seattle city-wide real decline of 3.4%.

³ Revenue estimates come from a variety of sources, including the Washington State Department of Revenue, the City of Seattle, and the Pike Place Market PDA. Together these data sources overcome the limitations inherent to each separate source and combine to form a reliable estimate of revenues generated by sales activity exclusively at the Market.

⁴ Excludes telephone tax, typically a large tax source. Phone records for each tenant were not accessible for this study.



Of the \$86.8 million in gross revenue estimated in 2002, B&O taxable revenues totaled \$69.0 million or 79.5% of the total (up from \$62.3 million or 76.2% of total in 2000) and taxable retail sales totaled \$36.0 (41.5% of total) (up from \$31.1 million or 38.0% in 2000).

After all of the exemptions and dispersions, the State received \$2.8 million in tax revenue directly from Market activity in 2002 and \$2.4 million in 2000; the City received \$477,000 in 2002 and \$420,000 in 2000; all other recipients combined to received \$616,100 in 2002 and \$531,900 in 2000.⁶

Employment at the Market. Employment at the Market, summarized in Exhibit 4, includes full-time and part-time jobs, year-round seasonal help and owner-operators. The busiest weekend days during the summer bring up to 2,400 workers onto PDA-managed property, including craftspersons and farmers. Tenants estimate that their sales double during the summer months compared with other months. Commercial tenants employ approximately 1,900 workers in those months, and craftspersons and farmers add another 300 to 500 workers, depending on the timing (holidays and weekends rank highest).

During the winter, commercial tenant employment drops to approximately 1,400 jobs, and farmers and craftspersons might add anywhere from 100 jobs in mid-week to 200 jobs on weekends. Holidays mark the height of winter activity, though the Seattle winters typically prevent much activity from spreading out onto the exposed cobblestones.

**Exhibit 4:
Employment at the Market**

	Summer Peak	Winter Low
Commercial Tenants	1,900 jobs	1,400 jobs
Daystalls	500 jobs	100 jobs
PDA-Managed Property	2,400 jobs	1,500 jobs

Source: Washington State Department of Employment Security, Pike Place Market Preservation and Development Authority and Evergreen Research Group

Wages at these jobs match local wages for retail and service employment. The average wage earned in 2002 for retail and produce jobs was \$17,000 for the year; this includes part-time work. Full-time equivalent wages are an estimated \$22,000 to \$25,000, or approximately \$10.50 to \$12.50 per hour, on average. The wages earned at individual businesses vary widely.

⁵ Not all items are taxable for each type of tax. Craft items are largely excluded from the B&O tax, likely primarily due to an exemption of "Artistic/Cultural Activities." Notably, most food items are not subject to the sales tax. Among many other types of exemptions, the total volume of sales for a business can lead to exemptions as well.

⁶ Also note that some State revenues are distributed back to cities and counties either directly or in the form of investments within City limits, such as transportation and many other services. Some of the statewide dispersion is based on city population, for which Seattle ranks first among all cities in Washington. Similarly, the City revenue estimates do not include sales taxes generated exclusively for the Safeco Field Baseball Stadium.

⁷ Includes an annual average estimate of 250 jobs for crafts sales and farmers.

Indirect and Induced Economic Activity.

As with many commercial centers and large business activities, the economic activity in the Market produces indirect and induced economic activity. Unlike many such activities, however, local ownership means that most of these secondary benefits remain local.

As shown in Exhibit 2, the total amount of business activities (revenues) suggests that in 2002, PDA businesses are attributable *directly* and *indirectly* for 3,100 jobs in Washington State, including an annual average of 1,900 direct jobs in PDA buildings.⁷ That is, the suppliers and buyers of Market businesses require approximately 1,200 jobs to participate in related business. These jobs are spread among the State's fishing industries, grocery stores, restaurants and all the other businesses that either sell to or buy from Market businesses.

The workers associated with these 3,100 jobs in turn earn wages and spend those wages like all households do in Washington State. The spending thus *induced* by those wages accounts for another 2,400 jobs in the Washington State economy. Including direct (at the Market), indirect (suppliers and buyers) and induced (as a result of spending), the Market is associated with 5,500 jobs state-wide in 2002.

These estimates are based on a Washington State study (*The 1987 Washington State Input-Output Study, Office of Financial Management, Forecasting Division*) demonstrating the relationships among industries in the State; the study, conducted in 1987 and updated in 1993, ages more rapidly in some sectors than others, depending primarily on advances in productivity among industries.

Annual labor income associated with the 5,500 jobs is an estimated \$70 million.

Market businesses' strong proportion of local ownership and local supply chains suggests that spending at the Market will have a strong local impact. Therefore, benefits of owner compensation and profits from spending at the Market are likely to accrue inside the region. In contrast, a national retail chain outlet's indirect and induced economic impacts will relate to a supply chain not only outside the region, but likely from outside the country; only the local employee spending will likely have an impact.

"The Market is a huge draw and a destination on its own. It brings lots of folks downtown and while they're downtown, they will take advantage of shopping, theatres, etc. It's a prime motivator to bring people downtown."

Lynn Beck
Marketing Director
Pacific Place Shopping Center

**Exhibit 5:
Type of Employment and Wages at the Market**

	Jobs	Wages (\$1,000)
Market jobs (in PDA buildings)	1,900 jobs	\$23,500
Indirect jobs (suppliers, wholesale buyers)	1,200 jobs	\$15,400
Induced jobs (from re-spending of wages and profits)	2,400 jobs	\$31,100
Total Jobs Related to PDA-Related Activity	5,500 jobs	\$70,000

Source: Washington State Department of Employment Security,
Pike Place Market Preservation and Development Authority,
Bourque, University of Washington,
U.S. Bureau of Labor Statistics,
Puget Sound Regional Council



**Farm Products that have
Grown from Farm Tables
to Commercial Space
in the Market:**

- *Woodring Orchards*
- *Chukar Cherries*
- *Mick's Peppouri*
- *Sotto Voce*
- *Moon Valley Honey*
- *Jordan Village*
- *Simply the Best*
- *Frank's Quality Produce*

Analysis of PDA tenant addresses and interviews with Market tenants, including year-round tenants, craftspersons and farmers, suggest that the indirect and induced benefits occur closer to home than elsewhere in the State. These strong local connections keep much of the direct and indirect effects within Seattle. The rest of King County and Western Washington receive economic benefits as well.

Most of the Market businesses' wholesale sales (69% according to the surveys) go to restaurants and retailers in Seattle. Restaurants in and around the Market, for example, buy directly from the Market's produce stands, fishmongers and butchers; some set their nightly specials based on what they find attractive at the Market earlier that day.

More than three quarters (76%) of the tenants surveyed reported the owner's residence is in King County; nearly half of all owners live in Seattle. Half of Market business suppliers reportedly reside in Seattle (36%) or elsewhere in King County (14%). Farmers come from throughout the State, with roughly half from Western Washington and half from Eastern Washington.

Craft businesses are concentrated most heavily in Seattle (roughly half) with the balance coming primarily from Western Washington and secondarily from elsewhere in the State and neighboring states.

The estimated indirect and induced benefits do not include the advantages to businesses located nearby. Tourists and shoppers patronize nearby businesses while visiting the Market. These benefits brought about by the Market as an attraction are discussed in the following sections.



BUSINESS GROWTH AND ECONOMIC ACTIVITY: THE MARKET AS COMMERCIAL CENTER

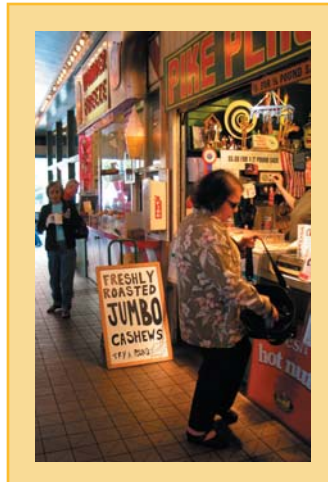
A Thriving Commercial Center. Businesses within the Pike Place Market Historical District compose a thriving commercial center in the heart of downtown Seattle, which takes its place along with the downtown retail centers and the region's shopping malls as some of the greatest concentrations of retail activity in the country.

Sales on PDA-managed properties alone in 2002 totaled \$475 per square foot. By comparison, as a commercial center the PDA-managed properties would rank well within the top ten percent of all commercial centers nationwide.⁸ Regionally, the PDA properties would rank high, behind only the largest malls (Bellevue Square: \$600/s.f.; Westfield's Southcenter Mall \$500/s.f.).

The Market's success as a retail center is particularly astounding when one considers the Pike Place Market Historical District Guidelines, which state a strong preference for new, independent start-up enterprises. The PDA's charter requires that the PDA serve "marginal businesses," which by definition keep revenues down overall, but add to the character and the culture of the Market.

The Historical District includes some businesses that are readily identifiable as part of "the Market" but are not in buildings managed or owned by the PDA such as Sur La Table, Seattle's Best Coffee, and

Made in Washington. Sur La Table, for example, started at the Market, is in the heart of the Historical District and operates in a privately-owned building. The iconic neon light coffee mug adorns the original Seattle's Best Coffee café location in the Pike Place Market - also not in a PDA-managed building. Many shops in Post Alley reside in privately-owned buildings, also not managed by the PDA. The economic activities in privately managed buildings are not estimated or analyzed in this report.



On a sales-per-square-foot basis, PDA-managed properties rank within the top 10% of all commercial centers nationwide in retail productivity.

Source: Urban Land Institute

First Seen in the Market: Retail Firms

- **Yazdi Imports** – Grew from the Market to include locations in Wallingford Center and Broadway Market
- **Sur La Table** – Expanded from Market location to 30 other retail locations, and on-line and catalogue sales
- **Market Optical** – Grew from the Market to include locations in University Village and Bellevue Square
- **Made in Washington** – Expanded to six other retail locations – Westlake Center, Bellevue Square, and Alderwood, Northgate, Southcenter and Tacoma Malls
- **The Soap Box** – Grew to include University Avenue and Westlake Center retail locations

⁸ Based on revenue estimates and national commercial center reports from the Urban Land Institute (2002).

First Seen in the Market: Food and Beverage Firms

- **Piroshky-Piroshky** – Grew from the Market to include locations in Pioneer Square and Crossroads Mall
- **Market Spice** – Expanded sales through grocery, specialty store and catalogue sales
- **Seattle's Best Coffee** – Chose the Market as its third location – currently operates in 96 locations, with 21 Torrefazione Italia Coffee cafes and additional on-line sales
- **Starbucks** – Expanded from its original Market store to more than 6,500 retail locations worldwide, on-line sales and grocery sales
- **Pike Pub & Brewery** – Success story grew from original Market location
- **Dilettante Chocolates** – From Post Alley store, grew to include First Avenue and Broadway retail locations

BUSINESS GROWTH AND ECONOMIC ACTIVITY: THE MARKET AS BUSINESS INCUBATOR

A Productive Business Incubator.

Sustainable employment growth comes from new business creation, and the Market plays a key role as a local business incubator. The Historical Commission Guidelines strongly favor businesses for which a Market location would either be the only or the first location in the City of Seattle. Many start-up tenants have since leveraged their Market presence to grow and expand elsewhere.

The most famous example of this has been Starbucks. The original Starbucks store opened at the Market in 1971, in the midst of the Market's uncertain future at that time. Starbucks began by selling only coffee beans and no beverages, and remained as such until 1984, when it opened a second store in downtown Seattle, selling espresso drinks. Today Starbucks has 6,500 stores throughout the world.

Many businesses have maintained their Market presence and have grown very successful wholesaling businesses based on their popularity achieved at the Market (Market Spice, Mick's Peppouri, Bavarian Meats, as examples). Restaurants have begun with small stands at the Market and have either moved to larger locations or expanded in the region; Piroshky-Piroshky and Pike Pub & Brewery are examples of this growth.

The Internet has also enabled Market businesses to expand their offerings and capitalize on their local popularity with a global market. The PDA has kept up with the times in its role as entrepreneurial facilitator by providing links from its official Pike Place Market Internet site to e-commerce sites managed by Market tenants.



COMMUNITY CHARACTER AND LIVABILITY

The preceding section analyzed the economic and fiscal value of the Market in terms of revenues, employment and business activity. However, from a community and economic development perspective, the Market provides even greater, albeit potentially less quantifiable, benefits and value to the city of Seattle. The following two sections present an assessment of the Market's role in creating and maintaining community character and livability both in downtown as well as city-wide, and enhancing Seattle's image and identity as a desirable place to live and to visit.

The Market's Role in Downtown Commerce and Culture: a Vibrant Anchor for Downtown Activity. For decades, the Market has drawn a remarkably consistent number of visitors every year. From 1977 to 1997, pedestrian counts suggest annual attendance of between 8 and 10 million people per year. This translates into many thousands of people traversing the Market on a daily basis. According to the PDA, average daily pedestrian traffic through the Market in the summer is 27,000 during the week and 40,000 on Saturdays; winter and spring season pedestrian counts are approximately 20,600 on weekdays and 37,800 on Saturdays (2000 data).

This level of patronage has many benefits. Retailers, hotels, entertainment venues and conference centers cite the Market's spillover effects on other businesses downtown. Trips to the Market often include patronage of other downtown businesses. According to hotel and convention center employees, visitors ask first how to get to the Market above all other inquiries.

Downtown Seattle's vitality is based on the amenities and features that draw people, create a street presence and bring life or activity to the area. Most often these include the area's restaurants, unique and diverse shops, the Market, the waterfront, an increasingly urban residential character, new hotels, icons and activities, investment in civic projects and the arts, and tourism. There are many things to do in a small area and the level of activity often stays constant throughout the day and evening.

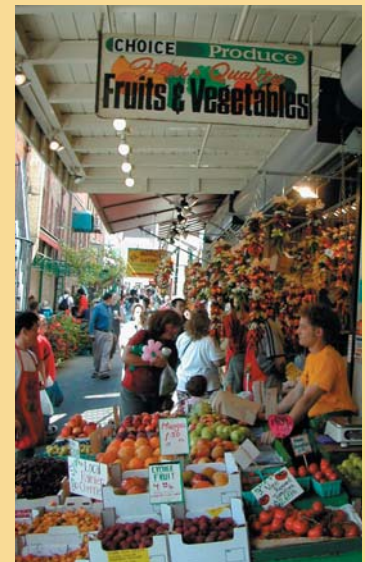
More than 20,000 people live within a half-mile of the Market.

Source: U.S. Census

"The Market is so much more than what people see. It's a village."

Anais Winant

Vice President of Public Affairs
Seattle's Convention and
Visitors Bureau





“The Market is a conduit between the downtown core and the waterfront. It raises the visibility of the waterfront and benefits businesses along the waterfront, as well.”

Tino Salud
General Manager
Cruise Facilities
Port of Seattle

The Market’s Role in Downtown Residential Community Development: Your Neighborhood Grocery Store. One of the great successes in Seattle during the 1990s and early 2000s was the return of housing and permanent residents to downtown Seattle. A vibrant downtown residential community greatly contributes to the local economy, because of spending on local amenities, the attraction of new business and an increased tax base for the City.

The Market has been a contributing factor to the growth of key downtown neighborhoods such as Belltown, the waterfront and the Western Avenue area (including the Harbor Steps development). Today, approximately 20,000 people live within a half-mile (walking distance) of the Market and can shop for their daily groceries at the Market. Condominium and apartment building owners in this area leverage the Market’s presence for their advertising and benefit greatly from the proximity to the Market.

Increasing the density, quantity and quality of downtown housing is an important City of Seattle policy initiative that is supported by the Market’s presence. More residents downtown means greater vitality and it improves the jobs/housing balance taking some pressure off the region’s overburdened transportation system. Interestingly, without the

residential growth in downtown Seattle, the City’s population would not have grown at all during the past few years. (Instead it has grown by 10.5% – 54,500 people – from 1990 to 2002.) The Market is certainly among the most valuable components of the network of amenities that have fostered a vibrant downtown.

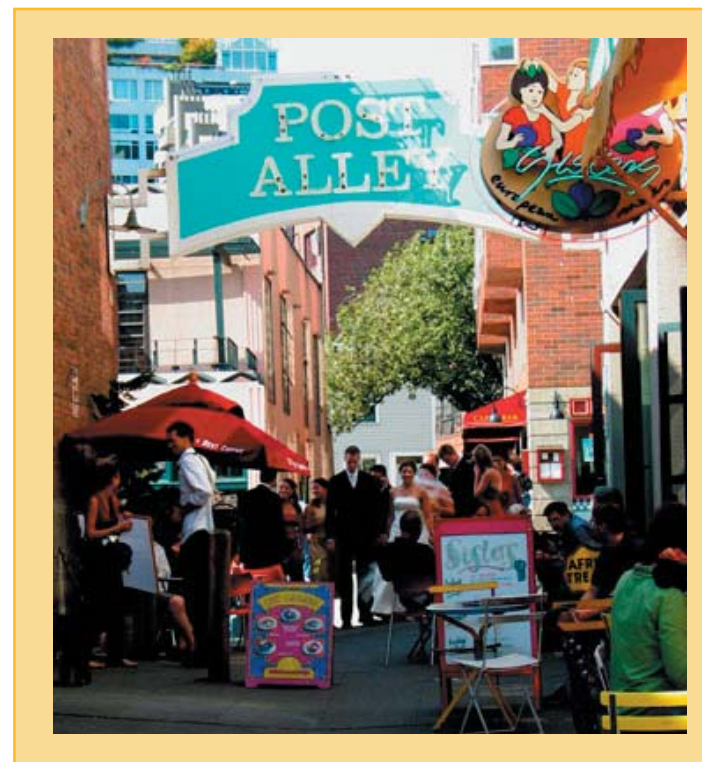
The Market’s Role in Downtown Seattle’s Daytime Community. Every Monday through Thursday, a reliable flow of more than 125,000 workers populate downtown Seattle within walking distance of the Market. This proximity allows downtown workers to come to the Market for breakfast meetings, lunch outings, gift buying and to take care of daily and weekend shopping for produce, fish, flowers, gifts, and more.



The Market as a Public Good. An important component of understanding the Market's public benefit is to understand the Market as a public good, similar to great parks.

Newer commercial centers elsewhere strive to create this same value through open space and pedestrian malls. The covered pedestrian walkways at Redmond Town Center and the atrium areas in the common space at Bellevue Square Mall, for example, all strive to imitate the Market and its public value.

Evidence of this public value comes from the 8-10 million visits to the Market each year. Visitors enjoy the Market regardless of whether they purchase anything. Street musicians, the fish markets, the unique and multicultural businesses and the vibrant Market atmosphere provide entertainment value to all visitors, whether they come from across the country or from down the street. In this way the Market provides a public value similar to central parks in other cities.





“Unpretentious and honest, it’s a city that delights in its location in one of the country’s most stunning areas, a city confident enough in itself that it unconsciously starts trends rather than unwittingly following them. One of its best traditions is **Pike Place Market**, the farmers’ and artisans’ bazaar that thrives in a narrow perch between I-5 to the west and the city’s steep eastward rise. The market is a mecca where tourists and locals, young and old, indigent and well-heeled, rub shoulders...”

Boston Globe
November 2, 1998

ENHANCED CITY IMAGE AND IDENTITY

Research Approach. To obtain information for this section, an on-line search was conducted of travel guides, newspapers (more than 30 local, national, and international publications were searched), Seattle attractions and convention centers, business and tourism councils and other corollary cultural and tourist entities.

Stakeholder interviews were also conducted with a dozen Seattle area convention, hotel, travel and conference center organizations. Stakeholders interviewed include representatives from the Port of Seattle’s cruise business; the Pier 66 Bell Harbor Marina; Bell Harbor International Conference Center; Washington State Convention Center; Seattle-King County Visitors Bureau; Harbor Properties; the Downtown Area Condominium Association; the Downtown Seattle Association; the Grand Hyatt Hotel; the Seattle Hotel Concierge Association; and the Kimpton Hotel Group. Requests for stakeholder telephone interviews were met with significant enthusiasm; interviewees were eager to describe the Market’s importance to Downtown and how their businesses benefit from association with the Market.

The Market’s Role in Promoting Tourism: a Seattle Icon and Key Landmark for Visitors. Interview participants referred to the Market as “probably the most recognized attraction in the City,” “distinctively Seattle,”

and “an important part of the fabric of Seattle.” Interviewees’ assessments of the Market’s value to downtown, ranged from “it’s value-added” to “hugely important” to “very important.” Some note its presence as critical, characterizing the Market as “hugely” important to downtown’s vitality and tourism, as well as to some individual downtown businesses.

The Market has a high awareness factor among visitors to the City: tourists are frequently aware of and seek out the Market when they arrive. Tourists have often educated themselves before visiting Seattle; one interview participant was surprised to note that some “even know that the first Starbucks is located at the Market,” and many visitors have commented that a visit to the Market is a highlight of a trip to Seattle.

Other anecdotes from interviews regarding the Market’s draw as a tourist attraction include:

- At a recent Washington State Convention Center event attended by 12,000-13,000 people, the Market was the subject of the most frequently asked questions by the 100-150 people stopping at the information booth.

Annually, 8,000,000 to 10,000,000 visits are made to the Market.

*Source: Pike Place Market
Preservation &
Development Authority*

- At the Bell Harbor International Conference Center, it is estimated about 5,000 people disembark the cruise ships on Saturday and Sunday mornings; passengers for the next sailings embark on Saturday and Sunday afternoons. Each time, the Lead Concierge estimates that between 600 and 700 people are directed to the Market by Bell Harbor staff. The Market is their number one referral because of interest as well as ease of access.

Downtown Businesses Capitalize on the Market's Popularity. The Market is featured in advertisements of many Downtown businesses: for example, it is referred to in brochures or referenced in marketing materials of the Bell Harbor Marina, residential and retail marketing for Harbor Properties, and numerous conference facilities and area hotels. Most of these materials emphasize that the Market is within "walking distance."

The Market is Known Across the Country as a Successful Urban District and Retail Experience. The Market's unique history, character and mix of offerings has gained attention across the country and even overseas. It has served as a model for new public markets in locales as diverse as Milwaukee (which planned a 22,000

square-foot market modeled after Pike Place Market) and San Francisco and Oakland, which have both planned and developed "market hall-type" facilities combined with nearby residential units.

The Market's iconic stature is also reflected in the frequency and prominence of its placement in films, television shows and books set in Seattle. Directors use the Market venue in this way, to authenticate the Seattle setting.

Recognizing the uniqueness and value of the Market, in 2002, the Project for Public Spaces, a nonprofit organization dedicated to creating and sustaining public places that build communities, named Pike Place Market a "World Renowned Public Space." In so designating the Pike Place Market, the organization noted that Seattle's Market is: "Perhaps the quintessential public market and market district; the vitality, attractiveness, and economic success of this place are a beacon in Seattle (and for market boosters across the country)."

Selected Movies Filmed in the Market

- *Rock Star* (2001)
- *Mad Love* (1995)
- *Sleepless in Seattle* (1993)
- *The Fabulous Baker Boys* (1989)
- *House of Games* (1987)
- *Trouble in Mind* (1985)
- *Cinderella Liberty* (1973)

Selected Television Series Filmed in the Market

- *The Fugitive - CBS TV Series* (2001)
- *The Real World - MTV Series* (1998)
- *Frasier - 100th Episode* (1997)
- *Under One Roof - NBC TV Series* (1997)



**Pike Place Market
Preservation and Development Authority**

**A Business, Economic and Public Policy
Assessment of the PDA's Properties**

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