

CITY OF MERCER ISLAND

GMHB EXHIBIT 36

# Housing Needs Assessment & Economic Analysis Findings

September 6, 2022



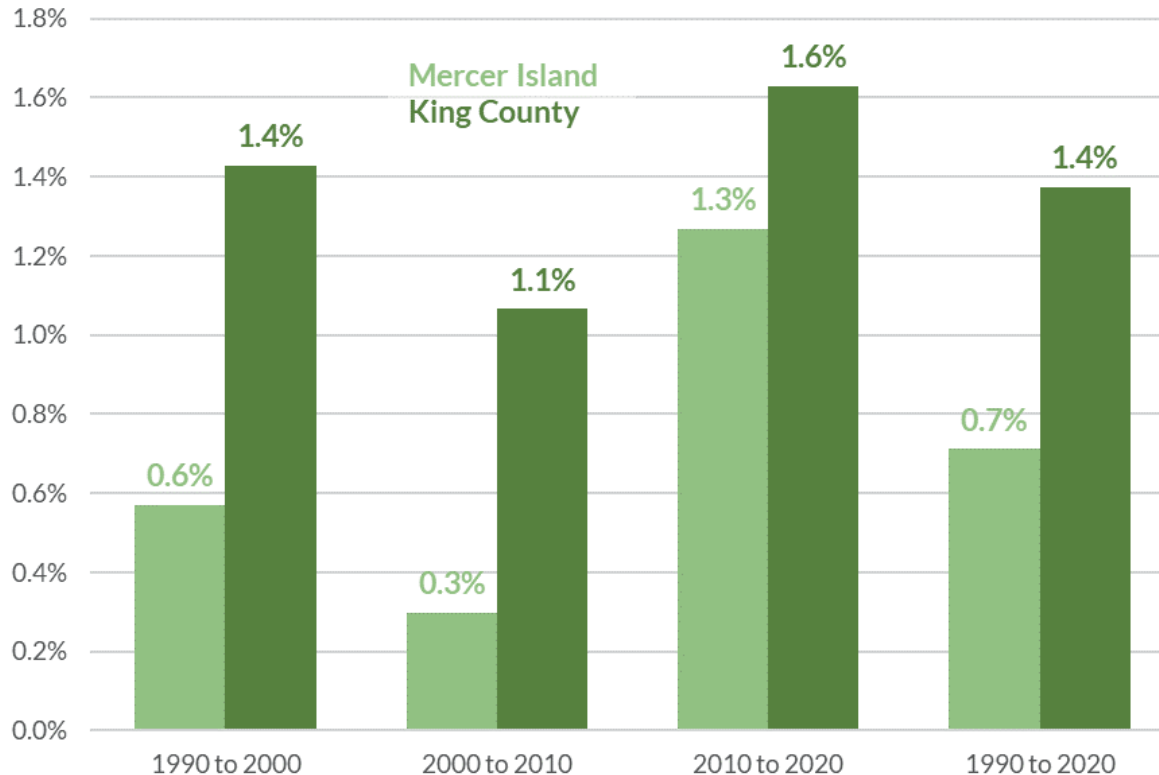
# Economic Analysis

# Findings

- Mercer Island's population is growing relatively slowly. The city grew at an average annual rate of 0.7% compared to 1.4% countywide.
- Mercer Island residents earn more than King County as a whole, and median income in the city is increasing.
- Mercer Island residents are highly educated.
- There is little commercial capacity outside of Town Center, and Town Center's retail inventory is shrinking.
- Riot Games is expected to be one of Mercer Island's largest employers.
- Mercer Island is less racially diverse than King County as a whole, and BIPOC residents of Mercer Island earn less, on average, than white residents.
- Mercer Island's jobs-to-housing units ratio (0.7) is less than half of King County's (1.5).
- Less than 10% of Mercer Island residents also work on the island.
- Professional, scientific, and technical services and health care and social assistance are the largest jobs sectors in Mercer Island.

# Findings

## Annual Population Growth Rate, Mercer Island and King County, 1990 to 2020

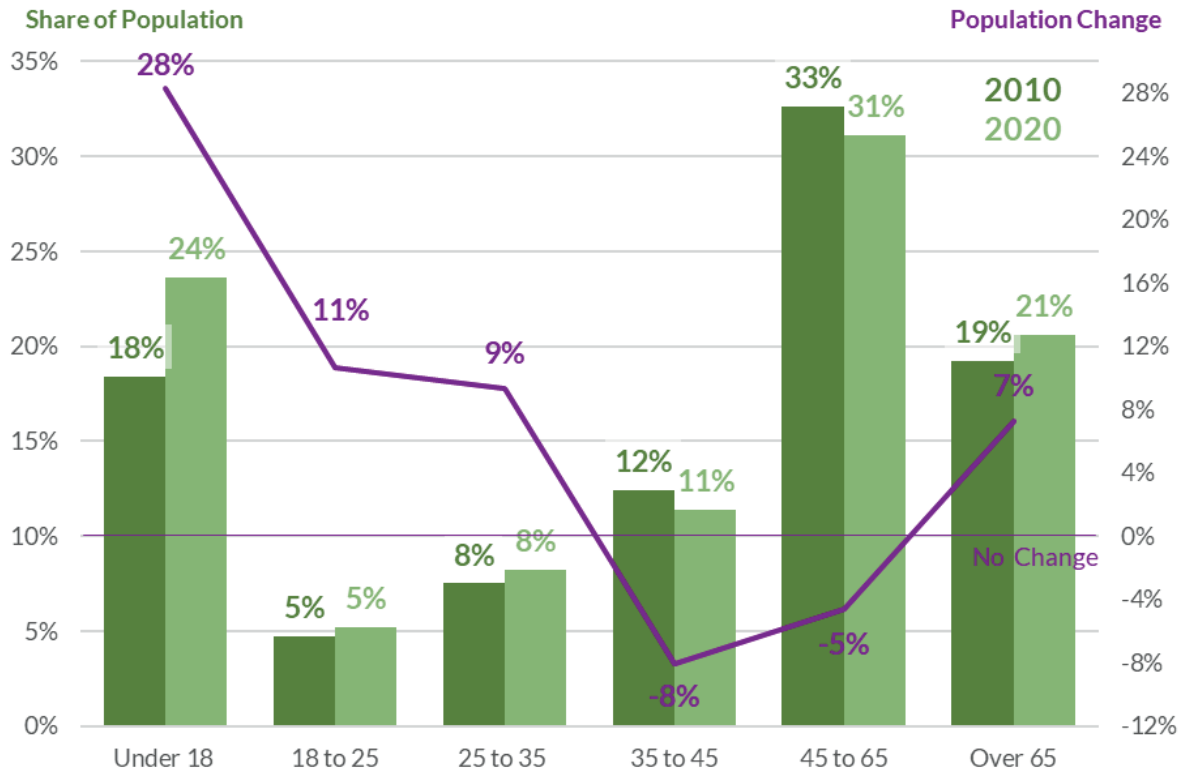


- King County has consistently grown at a faster rate than Mercer Island
- The fastest growing decade for Mercer Island was 2010 to 2020

Source: Washington Office of Financial Management, 2020; CAI, 2022

# Findings

## Age Change, City of Mercer Island, 2010 and 2020

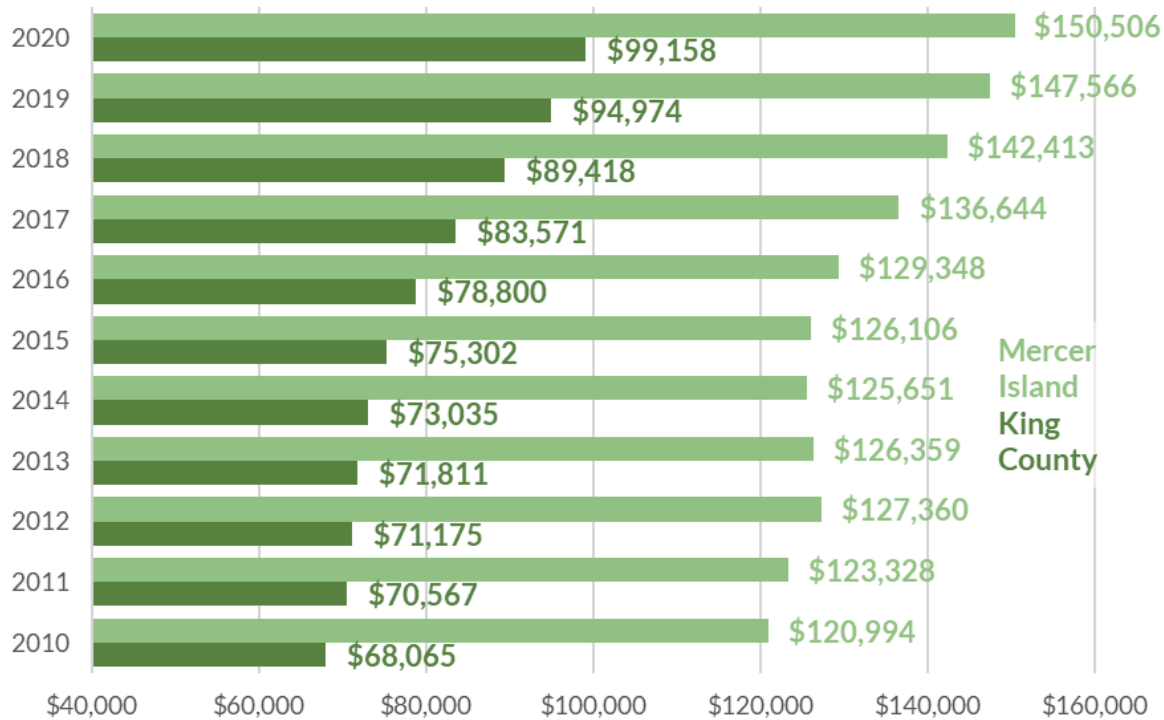


Source: American Community Survey, 2010, 2020; CAI, 2022

- All age segments under 35 have grown since 2010
- The over 65 population has also increased by 7% between 2010 and 2020
- Age segments 35 to 45 and 45 to 65 have decreased

# Findings

## Median Household Income by Year, Mercer Island and King County, 2010 to 2020

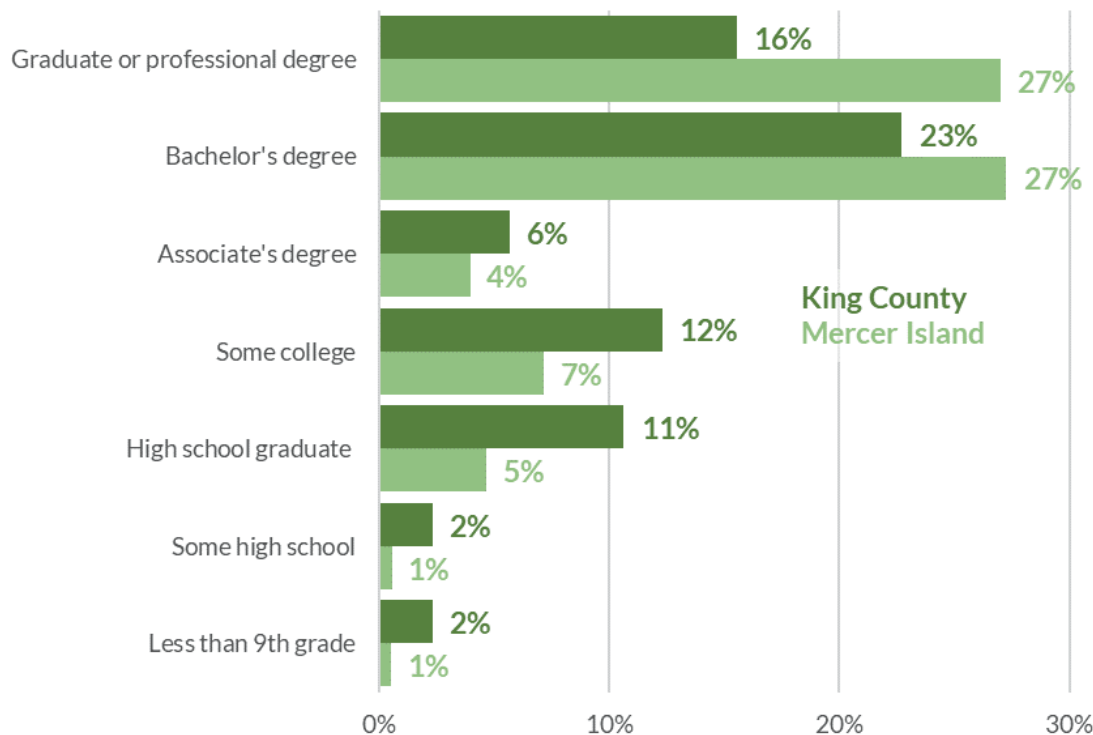


- Median household income in Mercer Island has increased from about \$121,000 in 2010 to about \$151,000 in 2020
- Median household income in Mercer Island has consistently been higher than across King County

Source: American Community Survey, 2010, 2020; CAI, 2022

# Findings

## Educational Attainment, Mercer Island and King County, 2020

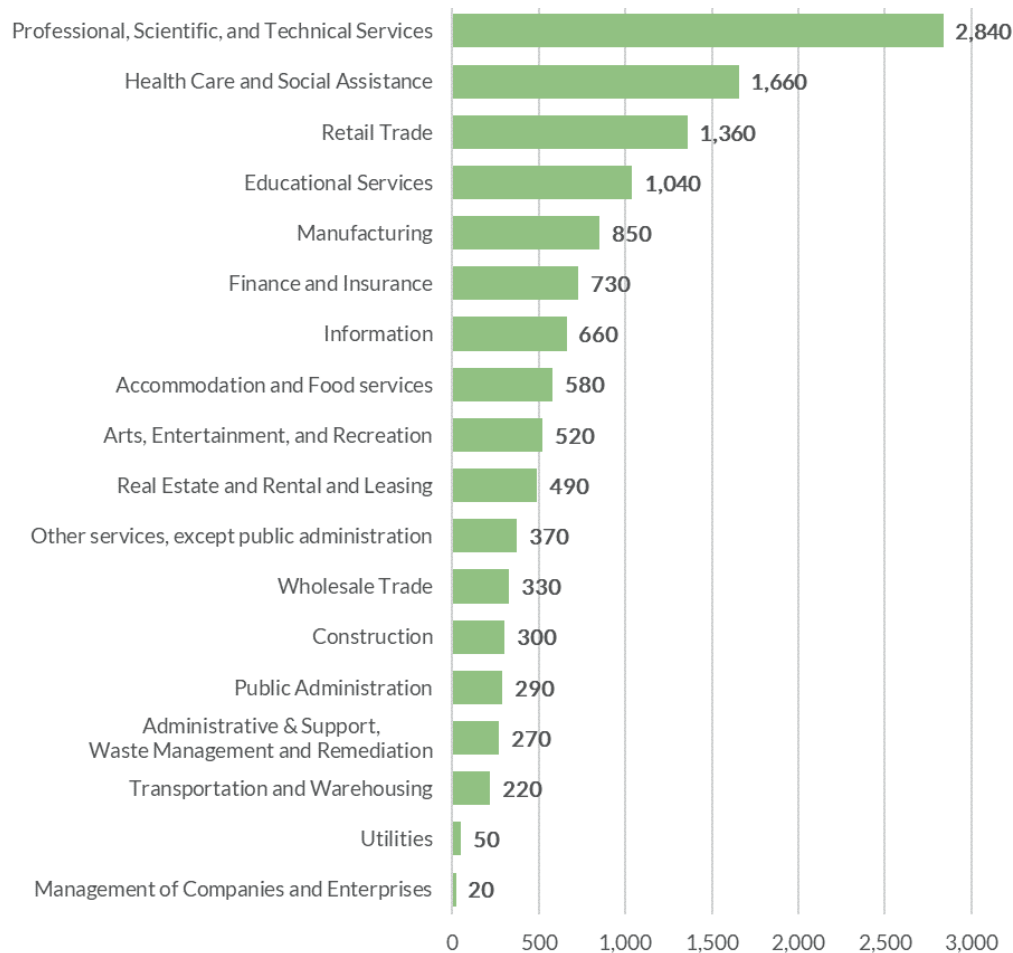


- 54% of Mercer Island residents have a bachelor's degree or higher, while only 2% of residents (25 and over) have not graduated high school
- Mercer Island has generally higher levels of educational attainment than across King County

Source: American Community Survey, 2020; CAI, 2022

# Findings

## Employment by Industry, Mercer Island Residents, 2020

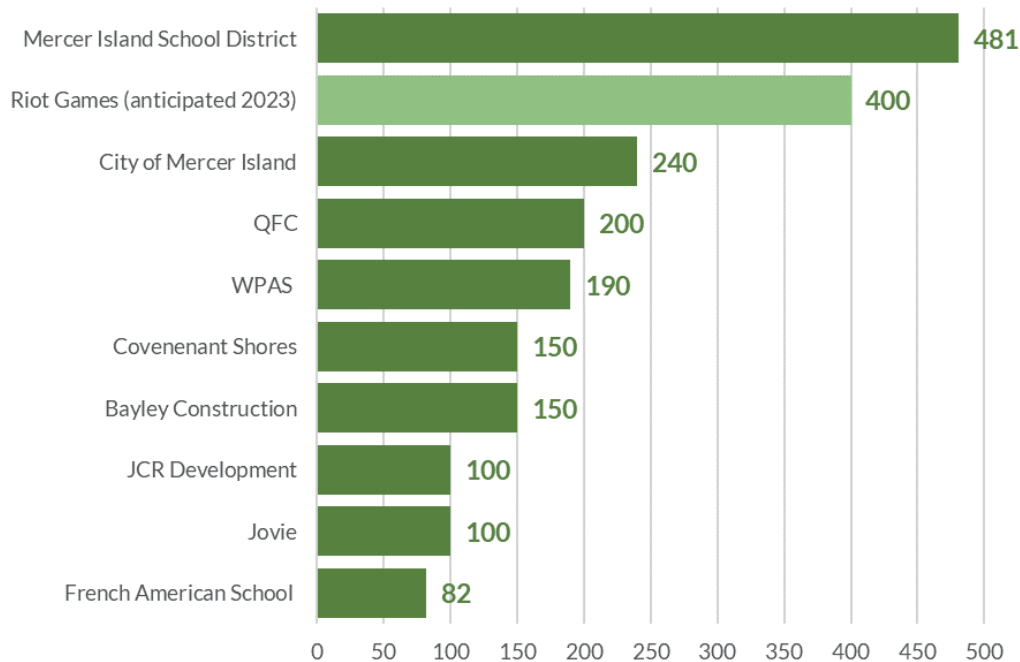


- The most common sectors in which Mercer Island residents are employed are professional, scientific and technical services, health care and social assistance, and retail trade

Source: American Community Survey, 2020; CAI, 2022

# Findings

## Largest Employers, City of Mercer Island, 2022



Source: ESRI, 2022; Riot, 2022; CAI, 2022

- Public sector employers are two of the three largest employers on Mercer Island
- The anticipated levels of staffing at Riot Games would make it Mercer Island's second largest employer

# Implications

- Mercer Island's **economic activity is concentrated** in a few areas with decreasing available commercial space. Town Center accounts for most of the island's economic activity but has a historically low amount of leasable retail space.
- Mercer Island's economy is anchored by **professional, technical, and scientific services**. These are some of the highest paid professions.
- **Housing costs are likely unaffordable** for many segments of the Mercer Island workforce. **The public sector provides a large employer base** including the City of Mercer Island and the Mercer Island School District, but employees in these industries earn low median wages compared to the city as a whole.
- Very few Mercer Island residents work in the city.
- The city is not on track to accommodate the projected new job growth through 2044, but this does not include the arrival of Riot Games. Mercer Island is projected to add 1,300 jobs between 2018 and 2044.
- Riot Games' expansion may have broader economic impacts. Within one year, Riot Games is projected to become the second largest employer on the island, fulfill nearly one-third of the city's long-term job growth projection, and bring about 400 high-paying jobs to the island.

# Housing Needs Assessment

# Findings

- White and Asian households typically earn more annually than other racial groups. Mercer Island has a **higher proportion of high-income households** than in King County overall.
- Mercer Island has a high and growing rate of households with children. Mercer Island's **household size increased slightly** in the past decade.
- Mercer Island residents are **more likely to own their home** than rent compared to King County.
- Almost two-thirds of Mercer Island's **housing stock are detached** single family units. Nearly half of Mercer Island's homes have four or more bedrooms.
- Most of Mercer Island's homes are 40- to 60-years old.
- Mercer Island's home **prices are near the highest in the region**. Only 6% of housing units in Mercer Island are valued at less than \$500,000. Growth in home value outpaced growth in household income. Mercer Island's average rent prices are second highest among peer cities.
- Mercer Island's **renters experience higher rates of housing cost burden than owners**. Most low-income renters are severely cost burdened. Nearly 5,000 Mercer Island households' affordable rent is \$625 monthly.

# Findings

## Population Growth Rate, Mercer Island and Selected Comparison Jurisdictions, 2000 to 2020

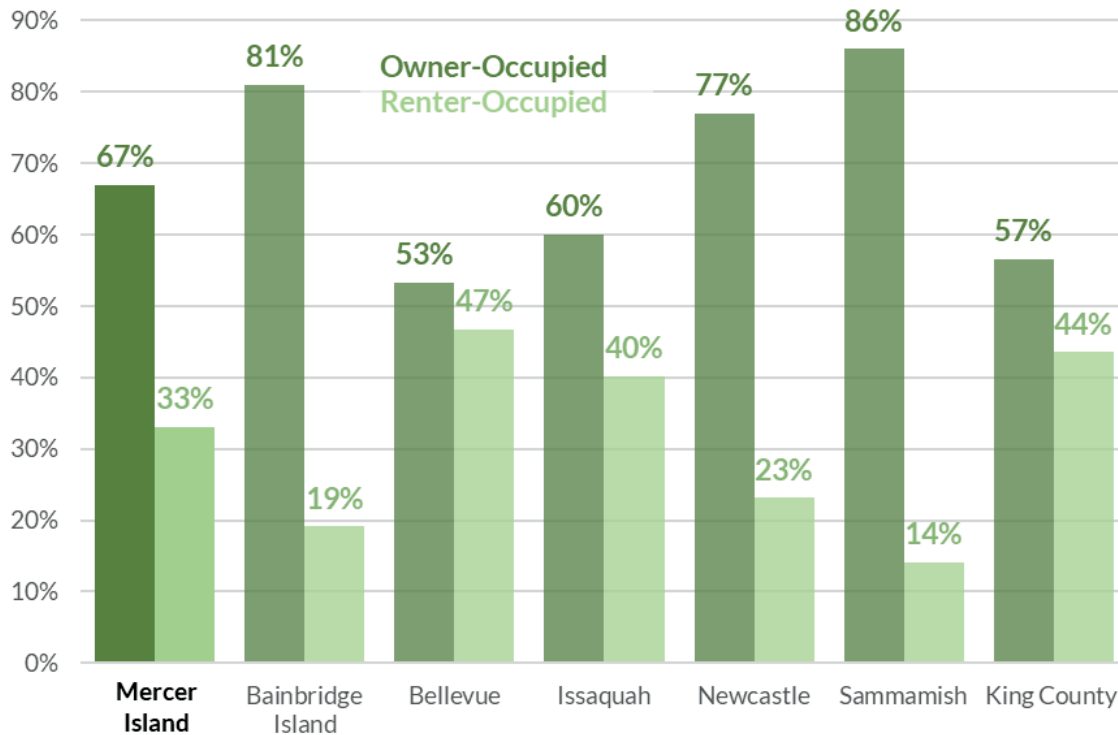
	Population			2000-2020	
	2000	2010	2020	CAGR	Net Change
<b>Mercer Island</b>	<b>22,036</b>	<b>22,699</b>	<b>25,748</b>	<b>0.8%</b>	<b>3,712</b>
Bainbridge Island	20,308	23,025	24,825	1.0%	4,517
Bellevue	109,827	122,363	151,854	1.6%	42,027
Issaquah	11,212	30,434	40,051	6.6%	28,839
Newcastle	7,737	10,380	13,017	2.6%	5,280
Sammamish	34,104	45,780	67,455	3.5%	33,351
King County	1,737,046	1,931,249	2,269,675	1.3%	532,629

Source: Washington Office of Financial Management, 2020; CAI, 2022

- Mercer Island has added about 3,700 residents since 2000, an average annual growth rate of 0.8%
- Mercer Island has grown at a slower rate than any of the selected comparison jurisdictions

# Findings

## Housing Tenure, Mercer Island and Selected Comparison Jurisdictions, 2020

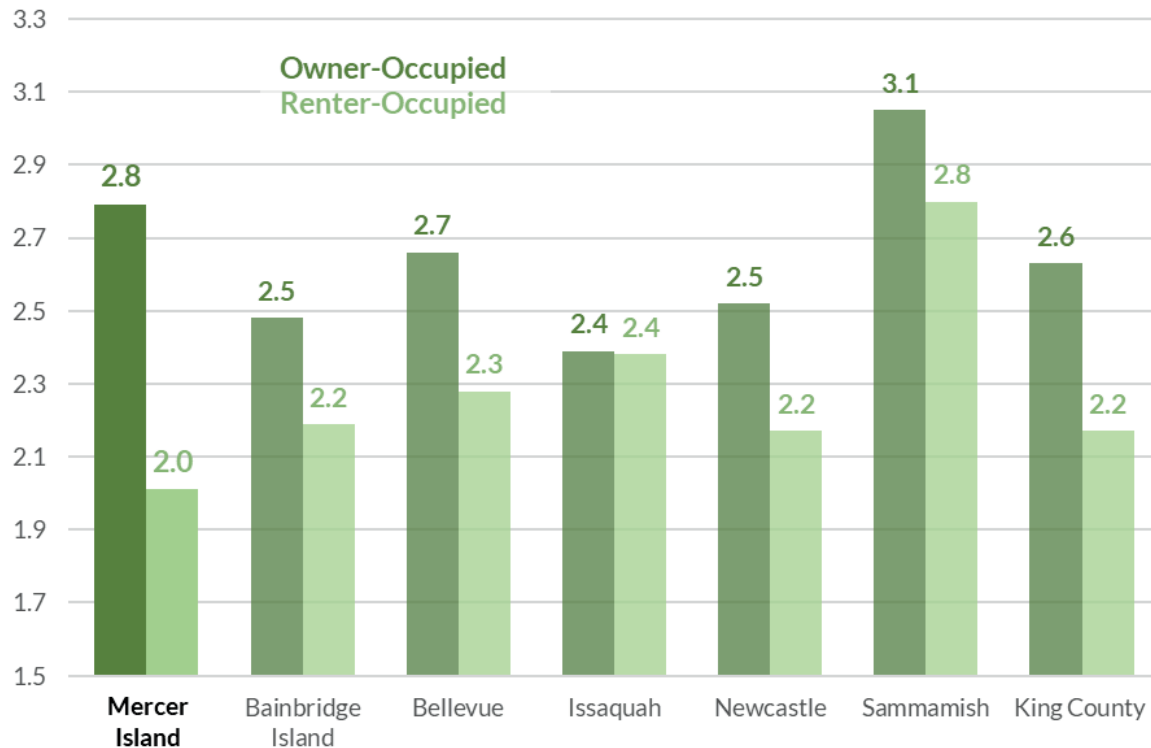


- A higher percentage of housing units in Mercer Island are owner-occupied than in Bellevue, Issaquah, and across King County
- Bainbridge Island, Newcastle, and Sammamish have a higher percentage of owner-occupied housing units than Mercer Island

Source: American Community Survey, 2010, 2020; CAI, 2022

# Findings

## Average Household Size by Tenure, Mercer Island and Selected Comparison Jurisdictions, 2020

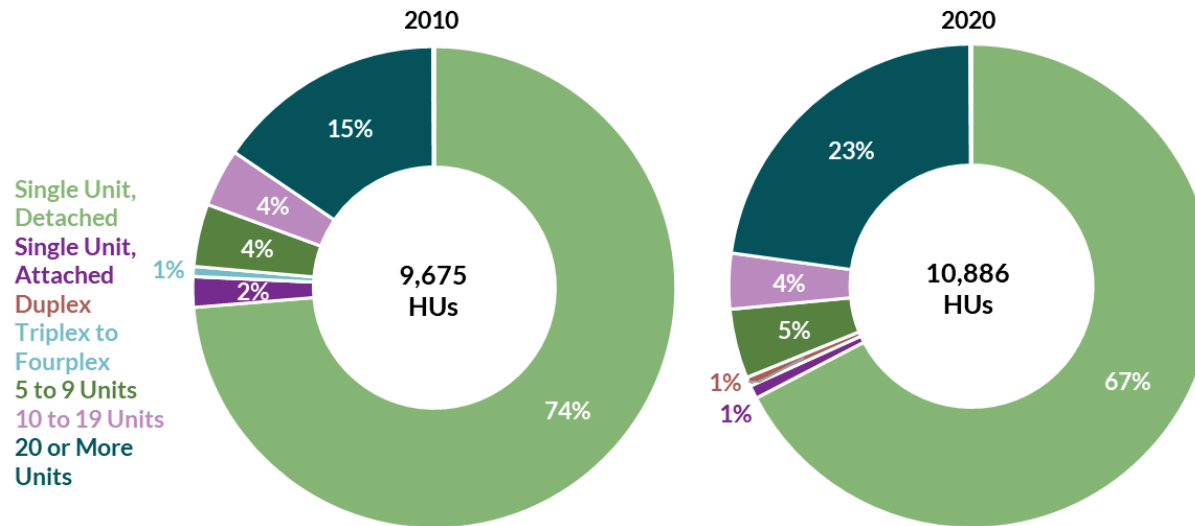


Source: American Community Survey, 2020; CAI, 2022

- Family sizes in owner-occupied housing units are generally larger in Mercer Island than in other comparison jurisdictions
- Family sizes in renter-occupied housing units are generally smaller in Mercer Island than in other comparison jurisdictions

# Findings

## Housing Units by Number of Units in Structure, City of Mercer Island, 2010 and 2020



Source: American Community Survey, 2020; CAI, 2022

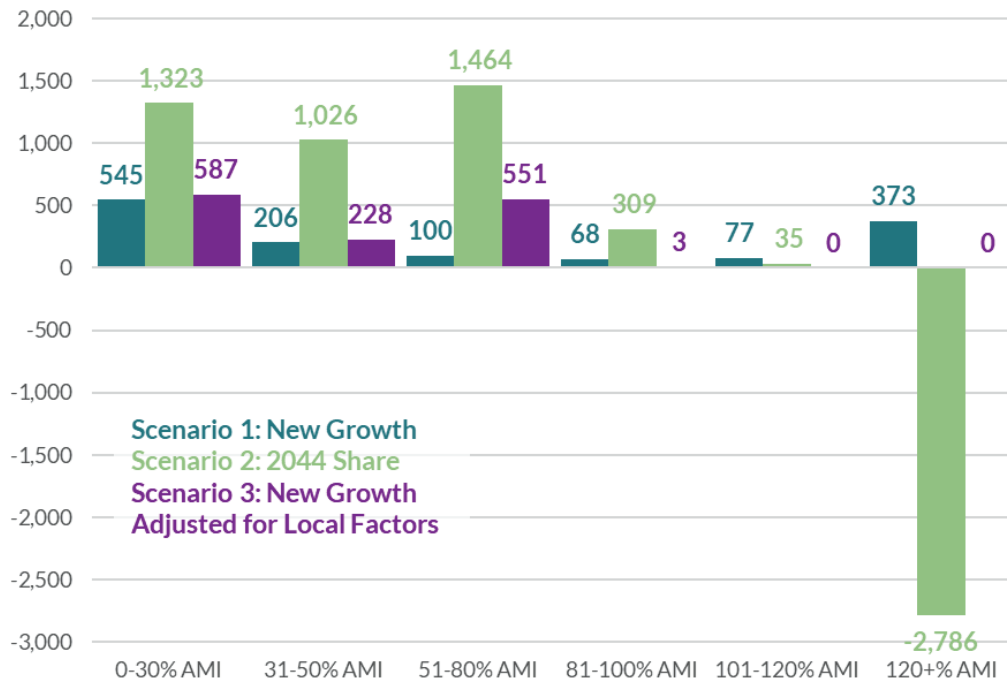
- The majority of housing units in Mercer Island are single family detached homes
- The share of housing units in large multifamily complexes has increased since 2010

## Scenarios for future housing need...

1. **Focus on new growth.** Same percent shares of new housing growth are affordable in every jurisdiction.
2. **Focus on 2044.** Same percent shares of total housing stock in 2044 are affordable in every jurisdiction.
3. **Focus on new growth adjusted for local factors.** Same percent shares of new housing growth are affordable in every jurisdiction and adjusts outputs within each income band by:
4. **Status quo.** Total projected housing units includes the 2044 GMA allocation and historical under- or over-production of units compared to King County, distributed by the current percent share of housing units by price.
5. **Fair share.** Total projected housing units includes the 2044 GMA allocation and historical under- or over-production of units compared to King County, distributed by King County household income.

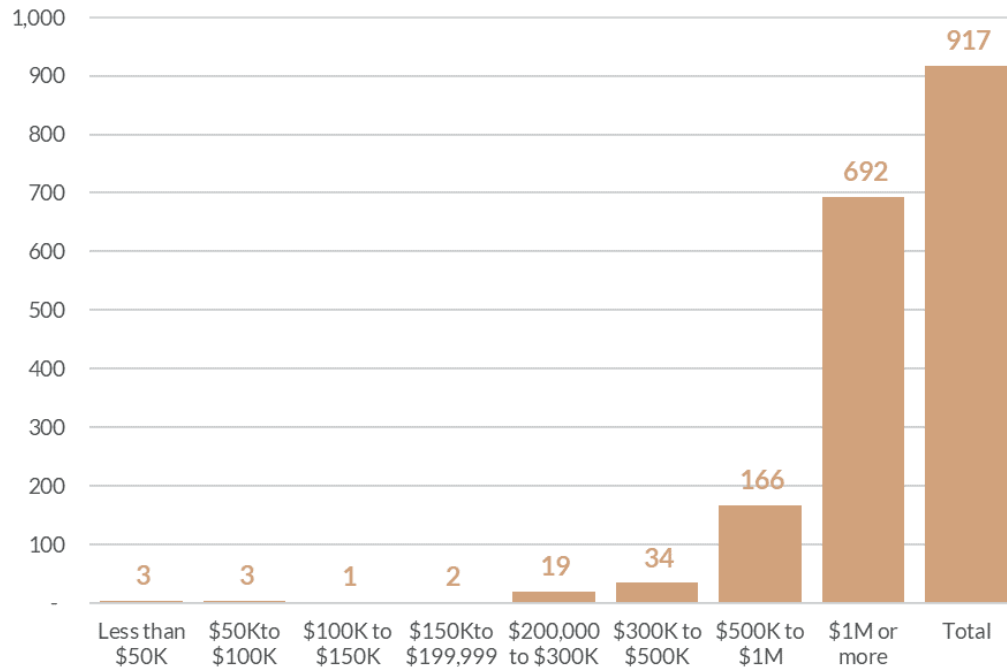
# Findings

## Future Housing Need Scenarios 1 through 3, Mercer Island, 2044



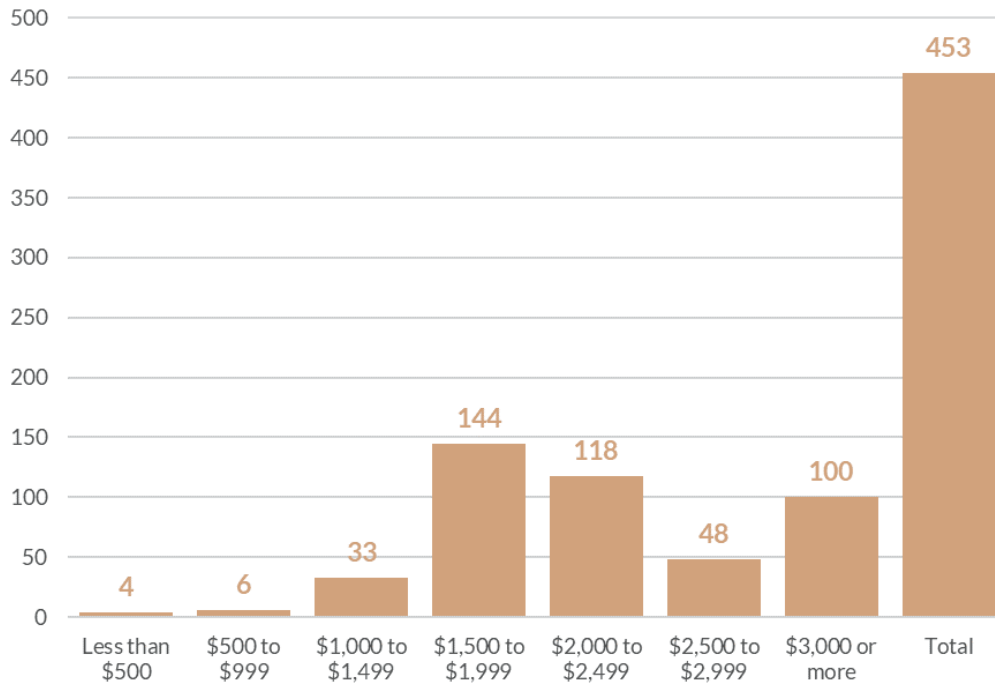
# Findings

## Future Housing Need Scenario 4 (owner-occupied), Mercer Island, 2044



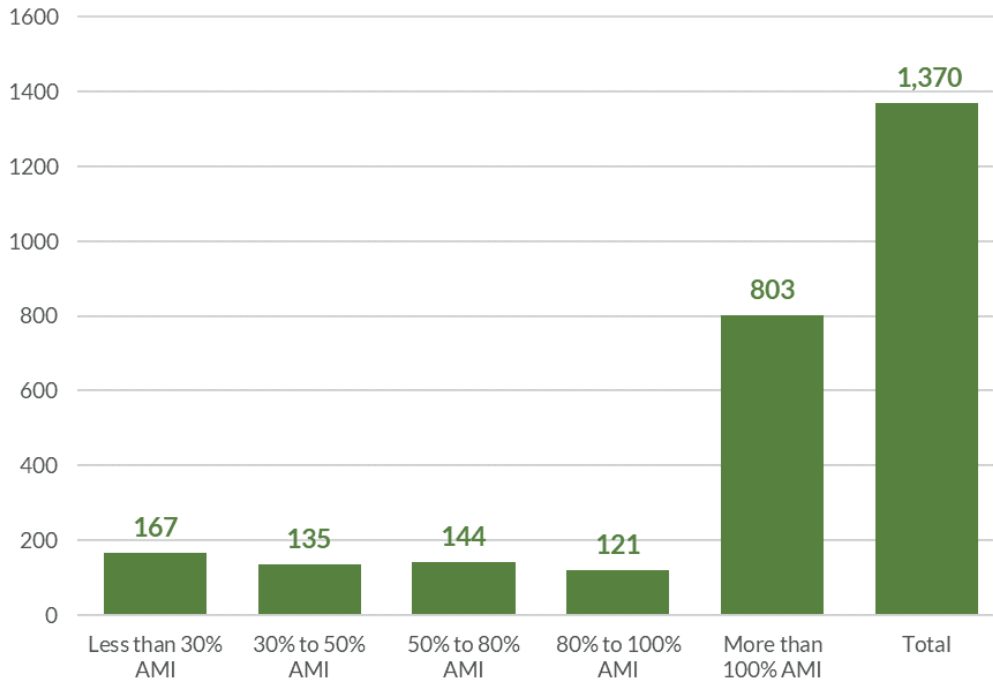
# Findings

## Future Housing Need Scenario 4 (renter-occupied), Mercer Island, 2044



# Findings

## Future Housing Need Scenario 5, Mercer Island, 2044



# Questions / Comments

**Please send follow up written questions / comments to:**

**Adam Zack, Senior Planner**  
**[adam.zack@mercerisland.gov](mailto:adam.zack@mercerisland.gov)**

**No later than September 20, 2022.**

**Staff will compile and provide responses in early October.**

**Thank-you!**