

7 Economic Development

7.1 Introduction

7.1.1 Overview

The Economic Development Element of the Comprehensive Plan outlines a strategic framework designed to enhance the economic vitality of the city as the cornerstone of a vibrant community while preserving the unique character and quality of life that define Gig Harbor. This element is aligned with the goals of the GMA and is intended to encourage economic growth in a way that benefits all community members.

Historically rooted in resource extraction industries, the Gig Harbor economy has evolved over recent decades, transitioning towards a more diversified local service economy characterized by retail, healthcare, and specialty businesses. As the city continues to grow, city policies will aim to attract appropriate employment opportunities that reduce transportation impacts and support localized job creation to strengthening the local economy and ensuring long-term prosperity for all residents.

7.1.2 Listening to Our Community

In May 2023, our community took part in six focus group conversations to discuss their perspectives and priorities for economic development. These revealed several key challenges and opportunities:

- **Durability of retail.** The city's retail sector, especially tourist-focused and waterfront businesses, faces challenges with storefront turnover in visible areas even though businesses are not closing down at higher rates in the city.
- **Vacancy and obsolescence of building stock.** Aging building stock is becoming outdated and difficult to retrofit to meet evolving market and resident needs, which affects both older residential and commercial properties in the city.
- **Barriers to reinvestment.** High costs for redevelopment—including parcel consolidation, demolition, contamination cleanup, and permitting—can stall projects, and City requirements can add further complexity and delays.
- **Interconnection of three business districts.** Gig Harbor's Uptown, Downtown, and North Gig Harbor districts are viewed as complementary, with the community supporting interconnected commercial identities for these areas.
- **Local employment.** Many residents work outside Gig Harbor in higher-paying urban centers; and increasing local employment opportunities is a community priority.
- **Transition to infill.** With much of the vacant land in the city developed in the past decade, future growth will need to focus on redeveloping parcels and coordinating infill projects within the existing city to support new households and jobs.

- **Regional collaboration in planning.** Planning in land use, transportation, and economic development relies on regional partnerships, and there is a community interest in effective City advocacy within the broader regional economic development context.
- **Location of urban density.** The Comprehensive Plan directs higher density to “centers of local importance,” aiming to support a sustainable economy and meet local needs.

7.1.3 City Vision

The City’s most recent vision, as articulated during community focus groups and workshops for economic development in Gig Harbor reads as follows:

Gig Harbor prioritizes the establishment and success of local small businesses by increasing walkability and lessening dependence on cars in the downtown. Gig Harbor makes use of underutilized commercial space by providing incentives for small local businesses to fill those spaces.

7.2 Local Context

The Gig Harbor economy has experienced significant growth and changes over the past two decades. Understanding this local context is essential to developing effective economic development strategies.

Overall, the economy of Gig Harbor has been characterized by a mix of industries and key trends, including:

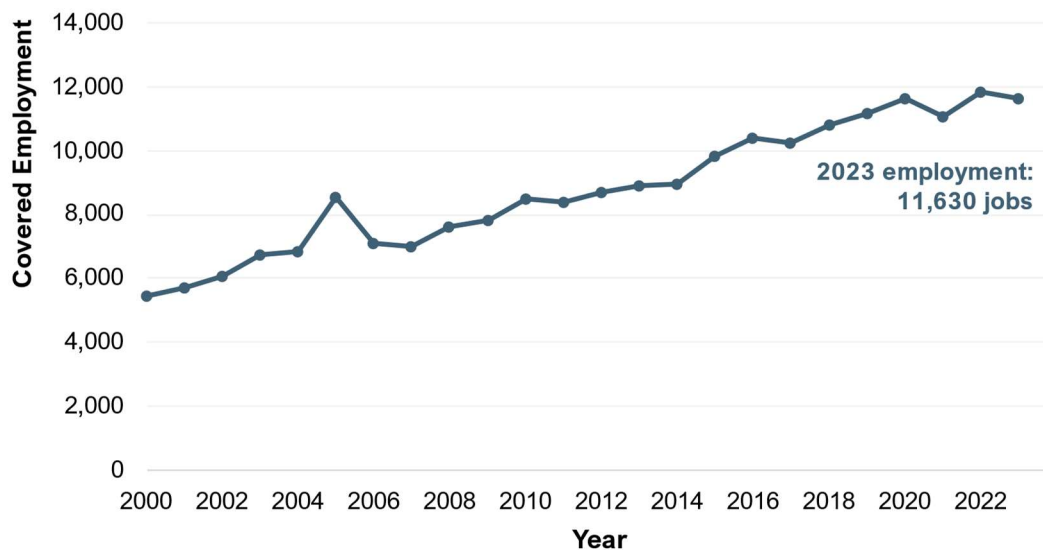
- A strong presence of small businesses and entrepreneurs,
- A growing healthcare and social services sector,
- A significant retail and tourism industry, and
- A mix of light industrial and manufacturing businesses.

As the population has grown from approximately 7,000 in 2000 to over 10,000 in 2023, the city's economy has diversified, with a decrease in reliance on traditional industries like manufacturing, and an increase in services and healthcare. Gig Harbor has also seen a significant increase in new businesses and startups, particularly in the downtown area.

7.2.1 Employment Trends

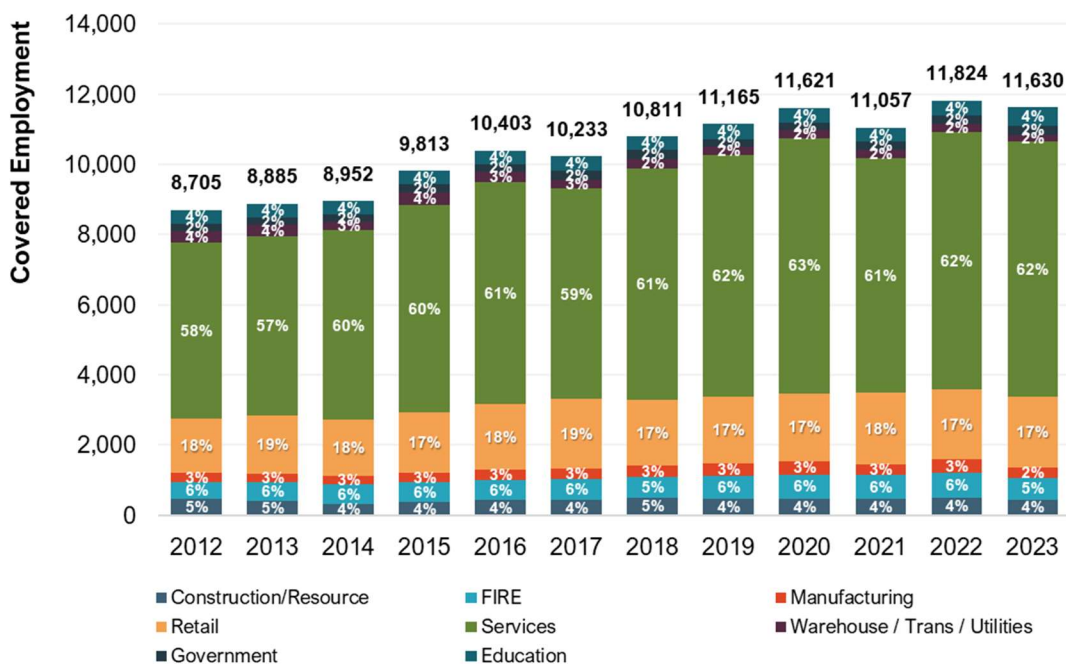
Estimates from the PSRC indicate that covered employment¹ in Gig Harbor amounted to 11,630 jobs in 2023. As shown in Exhibit 7-1, the city has experienced a notable increase in employment with a 33.6% increase in jobs from 2012–2023 (averaging about 3% employment growth per year).

¹ Covered employment is defined as those positions covered by the *Washington Unemployment Insurance Act*. Because the Act exempts the self-employed, proprietors and corporate officers, military personnel, and railroad workers, these categories exclude some employment types. However, this information is typically the most accessible source of data about employment and job growth available at a local level. See

Exhibit 7-1. Gig Harbor Covered Employment, 2000–2023.

Sources: PSRC, 2024; BERK, 2024.

Exhibit 7-2 breaks down covered employment by major sectors from 2012 to 2023. This highlights that the largest component of the city's economy is Services, amounting to 62% of total covered employment. Overall, growth in employment has been in higher-paying jobs, particularly in healthcare and professional services industries.

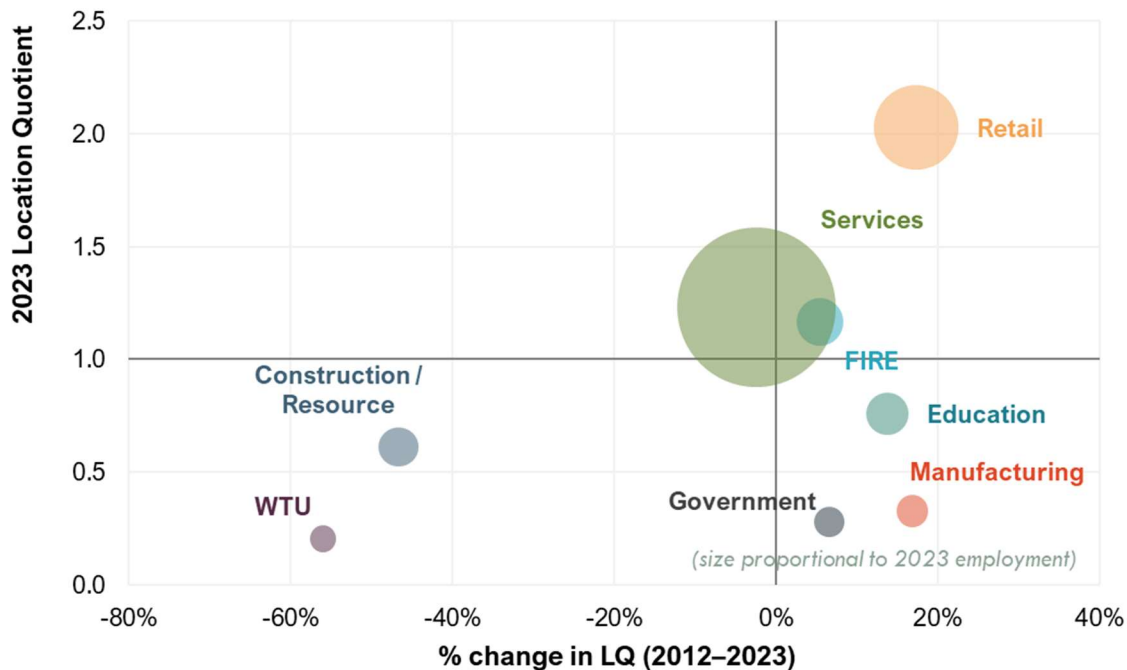
Exhibit 7-2. Gig Harbor Covered Employment by Major Sector, 2012–2023

FIRE: Finance, Insurance, and Real Estate

Sources: PSRC, 2024; BERK, 2024.

When examining how this distribution of employment compares to regional averages, the location quotient analysis presented below in Exhibit 7-3 can provide a basis for comparison. Location quotients compare the percentage of local employment in each category with the percentage of regional employment in the same category. Values greater than one indicate where local employment in a category is found at a greater concentration than the regional average, suggesting that it plays a more important role in the local economy. In the figure below, the size of the markers are proportional to the amount of local employment in that particular sector.

Exhibit 7-3. Location Quotient Analysis, Gig Harbor Employment, 2012–2023



FIRE: Finance, Insurance, and Real Estate

WTU: Warehousing, Transportation, and Utilities

Sources: PSRC, 2024; BERK, 2024.

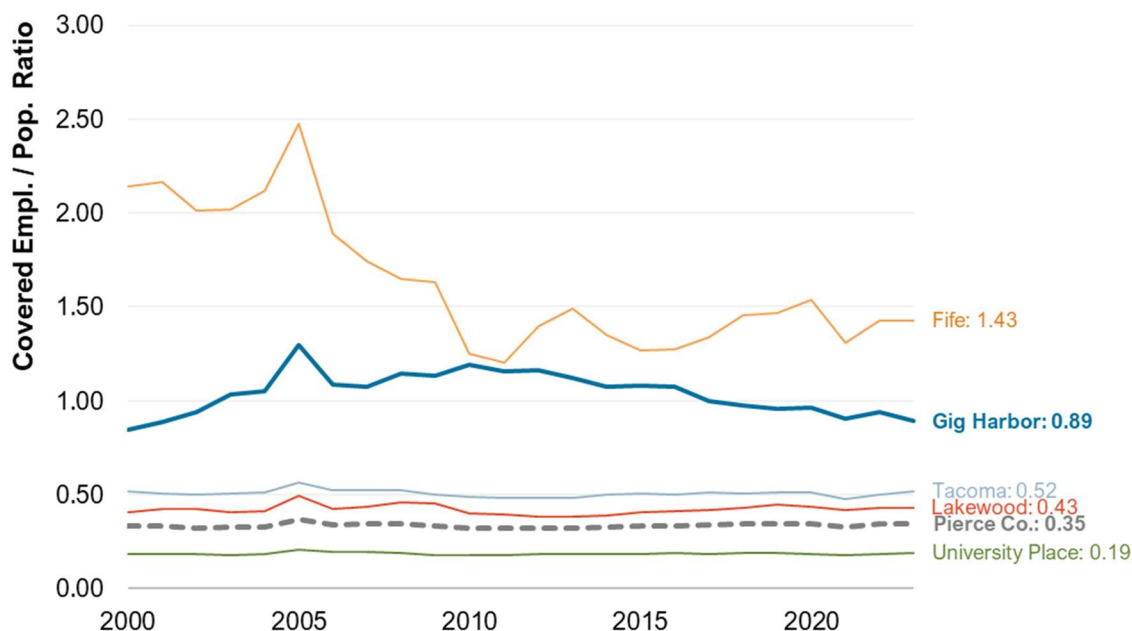
This location analysis highlights that employment in Retail is strongly represented at the local level, represented at twice the regional average and with one of the highest increases in concentration over the past 11 years. Some major sectors such as Education, Manufacturing, and Government have had significant increases in importance in local employment but still are underrepresented in the local economy. While Services dominate employment in Gig Harbor, there has been a slight decrease in employment concentration over time.

7.2.2 Employment, Population, and Commuting

Understanding how local employment relates to city residents is an important consideration in planning. Many residents commute to jobs outside of Gig Harbor, while workers within the city commute to jobs in the city. These commuting patterns affect traffic on roads like SR 16 and highway interchanges. Attracting more jobs to match the skills of local residents and encouraging more people to both live and work in the community can help to reduce traffic. Additionally, this can create a stronger local economy by encouraging the people employed at city businesses to spend more of their income within the city, resulting in greater benefits to local businesses and increases in city tax revenue.

Exhibit 7-4 provides one important measure for comparison: the ratio between local covered employment and the local population. This can provide a strong measure to understand whether a location mainly serves as a residential community (areas with a low ratio) or includes more jobs than residents and likely serves more as an employment center.

Exhibit 7-4. Regional Comparisons of Jobs-to-Population Ratios, 2000–2023



Sources: PSRC, 2024; BERK, 2024.

This figure highlights that Gig Harbor had a jobs-to-population ratio of 0.89 in 2023, indicating that there were 0.89 jobs per resident of the city. While this is not as large as Fife (1.43), this is larger than the County average (0.35), Tacoma (0.52), or Lakewood (0.43). This also highlights the distinct difference with communities such as University Place (0.19), which are dominated by residential uses.

An examination of the top 10 destinations for commuting in 2021 are included in Exhibit 7-5. This includes:

- The work locations of Gig Harbor residents commuting to work, and
- The home locations of workers commuting into Gig Harbor for work.

Exhibit 7-5. Gig Harbor Work and Home Locations (All Employment), 2021.

Work Location of Gig Harbor Residents	% of Total	Home Location of Gig Harbor Workers	% of Total
Tacoma city, WA	17.0%	Tacoma city, WA	10.7%
Seattle city, WA	11.5%	Artondale CDP, WA	5.9%
Gig Harbor city, WA	10.9%	Gig Harbor city, WA	4.9%
Purdy CDP, WA	4.0%	Wollochet CDP, WA	3.2%
Bellevue city, WA	3.4%	Seattle city, WA	2.8%
Bremerton city, WA	2.5%	Maplewood CDP, WA	2.2%
SeaTac city, WA	2.5%	University Place city, WA	2.1%
Lakewood city, WA	2.4%	Bremerton city, WA	2.1%
Federal Way city, WA	2.2%	Lakewood city, WA	1.9%
Kent city, WA	2.2%	Port Orchard city, WA	1.8%
All Other Locations	41.4%	All Other Locations	62.3%

Sources: US Census LEHD, 2024; BERK, 2024.

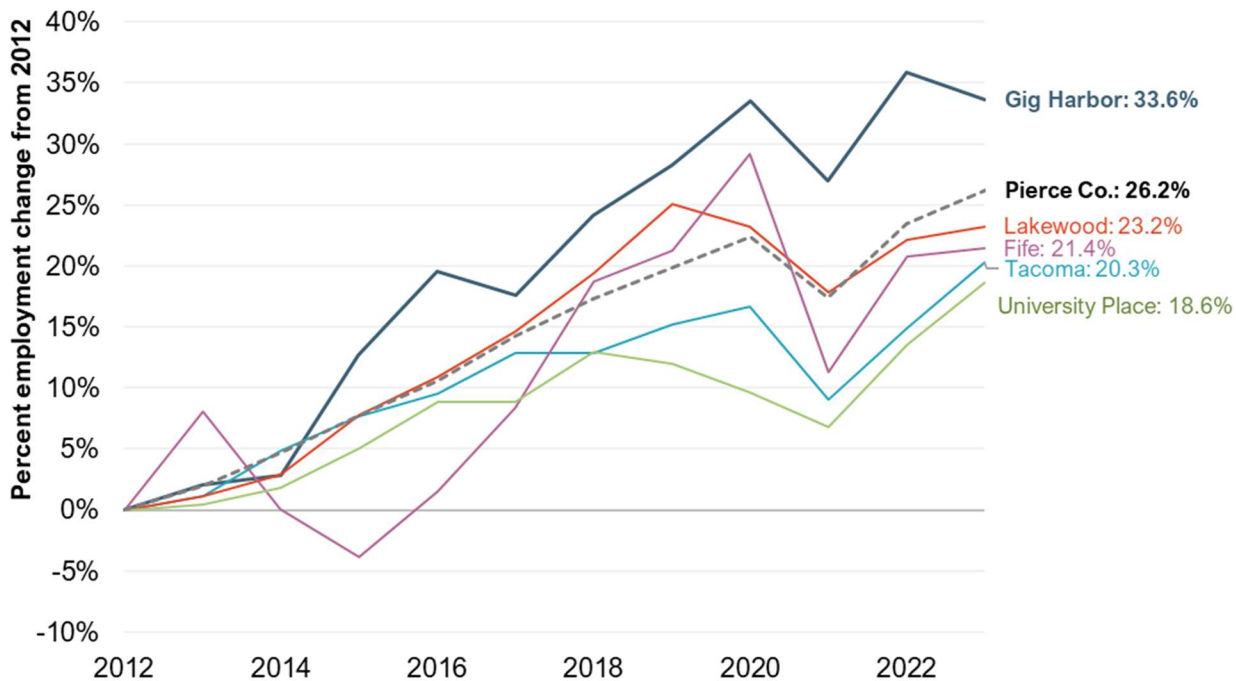
Overall, about 11% of workers in Gig Harbor that are employed stay within the city to work and constitute about 5% of the total workforce in the city, with another 4% of residents working in the Purdy CDP. The most popular destinations for Gig Harbor commuters are the major job centers of the region, with 17% of commuters going to Tacoma and 11.5% to Seattle, with Bellevue and Bremerton.

Conversely, the distribution of workers coming into the city for their jobs is more distributed. The largest proportion (10.7%) come from Tacoma, and almost 3% come in from Seattle. However, the draw of local employment appears to be more local with almost 6% of workers coming from the Artondale CDP, and others coming from local communities that are a shorter commute into the city.

7.2.3 Comparative Analysis

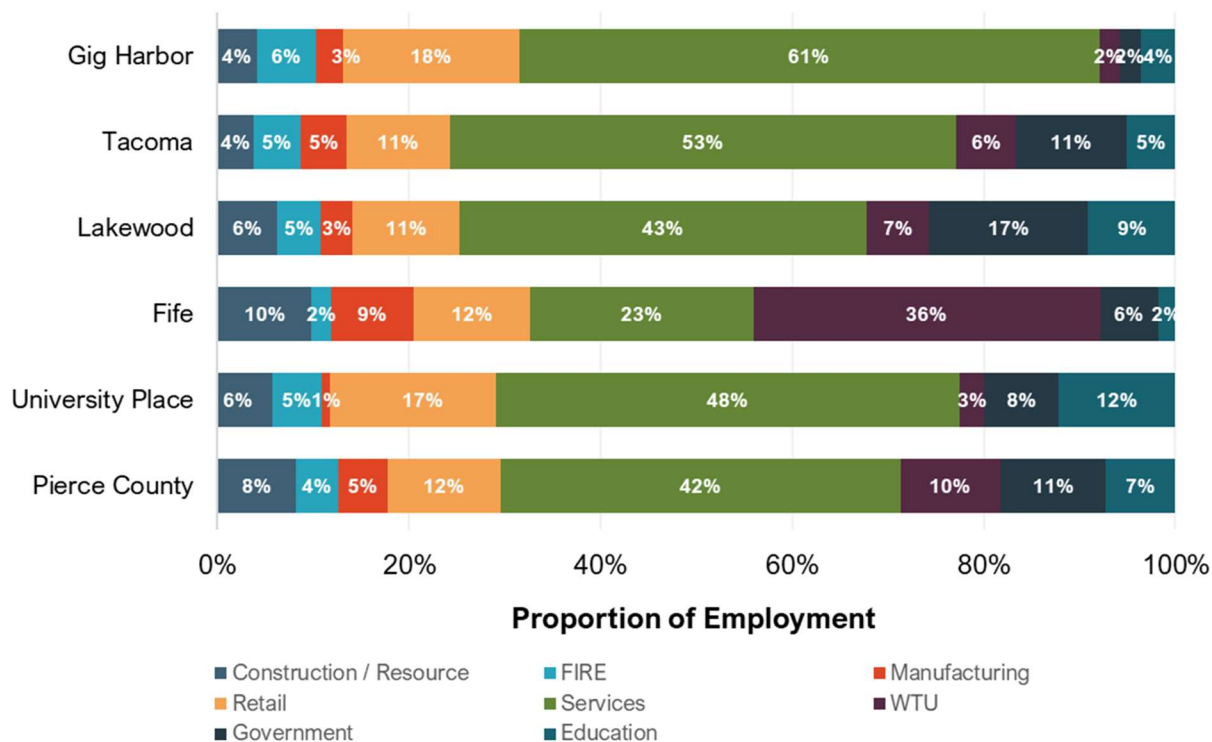
Understanding how Gig Harbor compares to neighboring cities and Pierce County is also essential to assessing its economic position and competitiveness. Exhibit 7-6 compares the percent change in covered employment from 2012 with Pierce County overall, as well as with the cities of Lakewood, Fife, Tacoma, and University Place. Under these comparisons, growth in city employment has been substantially better after the recovery from the recession, with Gig Harbor's increase in employment (33.6%) notably higher than Pierce County (26.2%), and substantially higher than the other communities examined.

Exhibit 7-6. Regional Comparisons of Changes in Covered Employment, 2012–2023



Sources: PSRC, 2024; BERK, 2024.

Additionally, Exhibit 7-7 shows comparisons with other cities in Pierce County. For Gig Harbor, Services and Retail both consists of a greater portion of the local economy than for any other city, and over the entire county. This highlights the greater concentration of employment of these types in the city, and indicates the importance of these sectors as part of a regional center. Additionally, this reinforces the relatively small contribution that Construction and Warehousing, Transportation, and Utilities makes to the local economy in Gig Harbor.

Exhibit 7-7. Regional Comparisons in Covered Employment by Major Sector, 2023

FIRE: Finance, Insurance, and Real Estate

WTU: Warehousing, Transportation, and Utilities

Sources: PSRC, 2024; BERK, 2024.

7.2.4 Taxable Retail Sales

Another perspective on Gig Harbor's local economy can be provided by examining its taxable retail sales, generated from consumer purchases of personal property, services, and property improvements. Note that some transactions, such as those involving most food items (except prepared foods), are exempt from sales tax, but those that are recorded can provide a perspective both on local economic activity and the sources of sales tax revenue for the city.

A "pull factor" can measure the relative activity of retail by comparing local taxable sales in a category to values based on the state average. A pull factor below one suggests lower-than-expected local sales, while a number above one indicates a regional draw, where businesses are more likely to attract customers from outside Gig Harbor.

Exhibit 7-8 provides a regional comparison of calculated pull factors at the subsector 3-digit level for retail and restaurant sales, comparing Gig Harbor with other cities in Pierce County. This highlights activity that is most related to household expenditures and indicates areas where business activity may be higher or lower than expected.

Exhibit 7-8. Regional Comparisons of Pull Factors in Taxable Retail Sales, 2023.

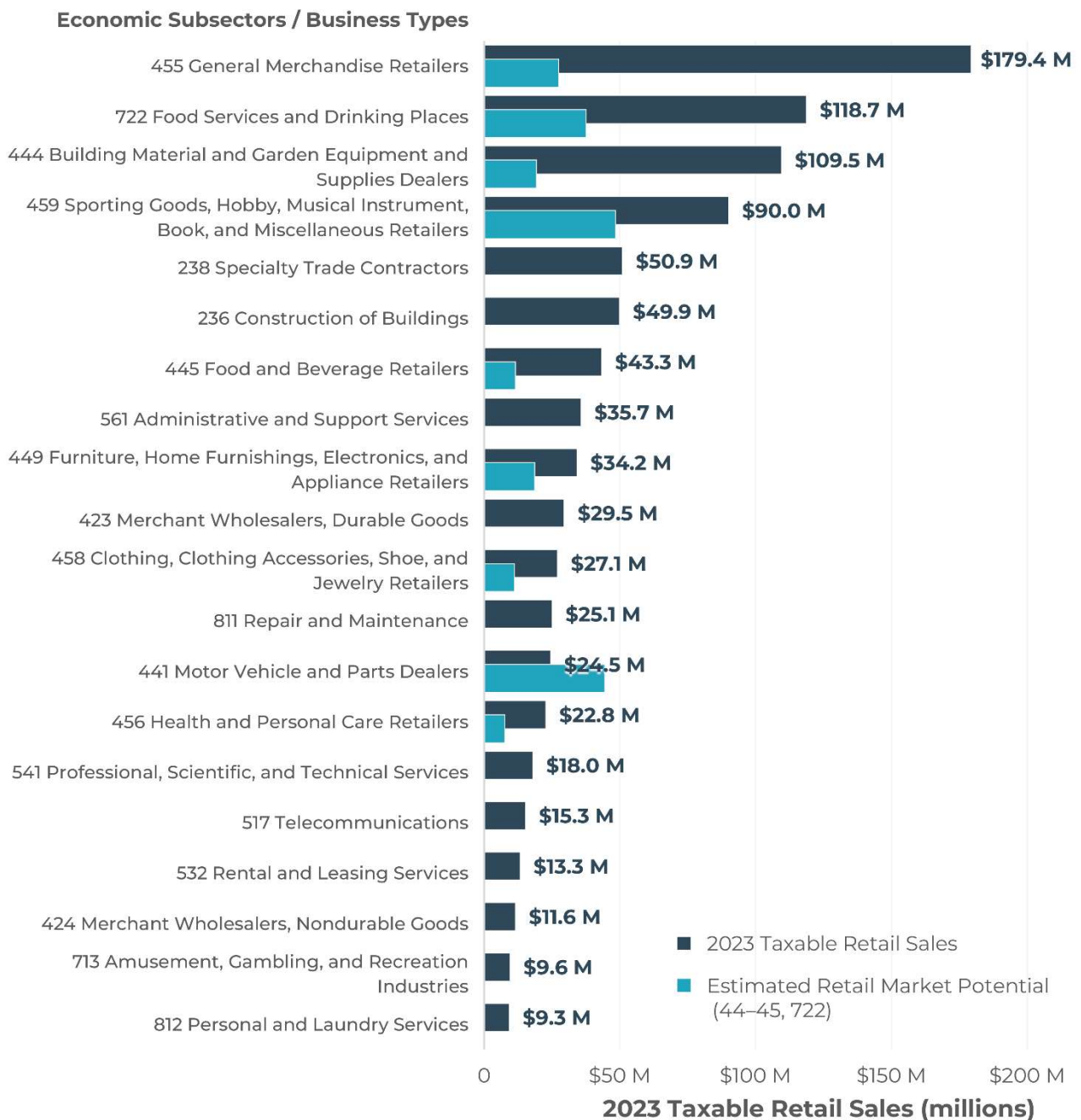
Category	Gig Harbor	Fife	Lakewood	Steilacoom	Tacoma	University Place
44-45 Retail Trade	2.77	10.11	1.14	0.31	1.44	0.51
441 Motor Vehicle and Parts Dealers	0.55	35.85	0.90	0.01	1.81	0.05
444 Building Material and Garden Equipment and Supplies Dealers	5.69	1.40	1.12	0.18	1.13	0.16
445 Food and Beverage Retailers	3.74	0.67	1.40	0.02	1.37	1.30
449 Furniture, Home Furnishings, Electronics, and Appliance Retailers	1.83	3.61	0.78	0.55	1.37	0.72
455 General Merchandise Retailers	6.53	3.07	1.63	0.10	1.11	0.58
456 Health and Personal Care Retailers	3.00	1.04	1.42	0.19	1.62	0.66
457 Gasoline Stations and Fuel Dealers	1.27	5.70	1.30	0.88	1.02	0.35
458 Clothing, Clothing Accessories, Shoe, and Jewelry Retailers	2.41	1.07	0.91	0.36	1.85	0.44
459 Sporting Goods, Hobby, Musical Instrument, Book, and Misc. Retailers	1.86	2.70	1.15	0.67	1.36	0.77
722 Food Services and Drinking Places	3.17	2.01	1.69	0.24	1.41	0.58
Total Retail + Restaurant	2.83	8.80	1.23	0.30	1.43	0.52

Sources: WA Department of Revenue, 2024; BERK, 2024.

This analysis highlights that Gig Harbor is a regional retail center for most categories, with business subsectors that exceed one in almost all cases. Furthermore, these values exceed those of most cities (excluding Fife), indicating a higher concentration of these business activities as compared to other cities in the region. This supports the data regarding employment that points to Gig Harbor as a regional retail destination. The only major category that is underrepresented is Motor Vehicle and Parts Dealers (441), which highlights that this is an underrepresented part of the retail market for the city, largely due to the lack of activity associated with new and used auto dealerships.

Exhibit 7-9 provides a comparison between total taxable sales and retail potential (for retail sectors) for the top 20 subsectors in the city. As opposed to the assessment of pull factors, this examines the absolute amount of activity in dollars in 2023 and compares it (when relevant) to what would be expected as local retail purchasing from Gig Harbor residents.

Exhibit 7-9. Gig Harbor Taxable Retail Sales, Top 20 Subsectors, 2023.



Sources: WA Department of Revenue, 2024; BERK, 2024.

Under Exhibit 7-9, the top subsectors for taxable retail sales include General Merchandise Retailers (455), Food Service and Drinking Places (722), Building Material and Garden Equipment and Supplies Dealers (444), and Sporting Goods, Hobby, Musical Instrument, Book, and Misc. Retailers (459), all of which exceeded \$90 million in taxable sales in 2023. Business activities related to construction were lower than this, with the construction sector in general responsible for about \$97 million total, mostly in Specialty Trade Contractors (238) and Construction of Buildings (236). Note that communities experiencing significant growth can experience higher receipts from retail sales related to construction as this is charged at point of sale.

7.2.5 Buildable Lands Assessment

Under the Pierce County Ordinance No. [2022-46s](#), Gig Harbor employment targets have been defined as follows:

Estimated 2020 employment:	12,855 jobs
2044 total employment:	15,602 jobs
2020–2044 employment growth:	<u>+2,747 jobs</u>

Under the previous 2021 Buildable Lands Report, employment capacity within the city was allocated as follows:

Vacant land:	2,074 jobs
Underutilized land:	748 jobs
Pipeline development:	594 jobs
Total capacity:	<u>3,416 jobs</u>

This highlights that current capacity in the city is sufficient to manage the employment growth expected over the next 20 years under the Plan.

7.3 Goals and Policies

- ▶ **EC-1 Increase local employment opportunities by collaborating with Gig Harbor Chamber of Commerce, Waterfront Alliance, and other business groups to attract, retain and expand employment.**
 - EC-1.1 Foster a thriving local economy that supports the well-being of the community, with a focus on creating quality job opportunities for residents.
 - EC-1.2 Ensure sufficient development capacity and infrastructure to support 15,602 jobs by 2044.
 - EC-1.3 Develop and implement a city-wide economic development and marketing strategy to attract businesses
 - EC-1.4 Promote Gig Harbor’s economic opportunities in coordination with a structured business consortium such as a business roundtable or an Economic Development Advisory Commission.
 - EC-1.5 Collaborate with local educational institutions, economic development organizations, and Pierce County to develop a skilled workforce that meets the needs of local employers and supports the city’s economic growth
 - EC-1.6 Encourage reductions in commuting through expansion of local employment, support for employees working at home (e.g., broadband infrastructure, co-working spaces, shared mobility programs, etc.), and expansion of affordable housing.
 - EC-1.7 Explore partnerships with the Economic Development Corporation of Pierce County
- ▶ **EC-2 Encourage local commercial and industrial development to meet expected demand from businesses, address underutilized sites, and build a sustainable tax base.**
 - EC-2.1 Develop and maintain a commercial and industrial site inventory that identifies major sites that could accommodate local employment opportunities and indicates potential infrastructure limitations that could impact their use for capital facilities planning.
 - EC-2.2 Coordinate efforts to provide sufficient supporting infrastructure to sites that could accommodate additional employment, with a priority on sites that provide significant public benefits.
 - EC-2.3 Coordinate with local economic development organizations to market available sites for use by businesses looking to expand or to relocate to Gig Harbor.
 - EC-2.4 Ensure extensions of public services for commercial and industrial activities within the urban growth area are contingent on agreements to accept annexation.
 - EC-2.5 Encourage the reuse of older buildings and the infill of commercial development to revitalize older commercial and business districts within the city. Help structure local marketing efforts, physical improvements programs, parking and building improvements and special management organizations.

EC-2.6 Address displacement from commercial redevelopments by identifying risks and considering strategies to reduce and/or prevent impacts.

► **EC-3 Encourage and support local business development in partnership with the Chamber of Commerce, Waterfront Alliance and potential Economic Development Advisory Commission.**

EC-3.1 Coordinate local business development programs, particularly for small start-up business concerns which may be owned by or employ local residents.

EC-3.2 Promote small business financing, management assistance and training programs to support local businesses, such as collaboration with Service Corps of Retired Executives (SCORE).

EC-3.3 Coordinate efficient and timely permitting and licensing processes, with additional support provided for small businesses.

EC-3.4 Work with local groups to explore the creation of improvement districts and other programs that can help revitalize and support city businesses.

EC-3.5 Monitor local and regional trends in relevant markets and provide information and support responsive to these trends, in partnership with local and regional economic organizations.

EC-3.6 Recognize the importance of home-based businesses in the city through supportive guidelines and standards, especially for individuals who face barriers in traditional office settings such as caregivers, people with disabilities, and those otherwise preferring alternative work environments.

EC-3.7 Identify incubator facilities which may be used for small business start-ups, such as older structures which may be reused for business purposes.

EC-3.8 Integrate considerations for small businesses into neighborhood planning, especially with respect to retail and service offerings for local residents.

EC-3.9 Actively collaborate with local Tribal Nations to identify and pursue mutually beneficial economic development opportunities that respect the sovereignty, culture and traditions of these Nations, including exploration of joint ventures, investment in cultural and ecotourism, infrastructure development and job creation initiatives.

EC-3.10 Prioritize downtown design that supports local businesses and enhances its unique waterfront character and sense of place through pedestrian-friendly streetscapes, historic preservation, and vibrant public spaces.