

ELECTRONICS & APPLIANCE STORES: Downtown Federal Way

INTRODUCTION

The North American Industry Classification System (NAICS) identifies establishments engaged in retailing an array of new household-type appliances and consumer-type electronic products such as televisions, computers, and cameras under the code 443. For the purpose of this analysis, the three digit code 443 was used to capture the broad array of establishments.

BACKGROUND

According to the Federal Reserve Bank of St. Louis and the Census Bureau's Annual Retail Trade Survey revenues for electronics and appliance stores was just shy of \$100 billion in 2018. There are just over 8,000 establishments in the subsector. Additionally, current employment statistics from the Bureau of Labor Statistics show there were over 470 thousand people employed in the subsector. Nationally, revenue is off its high of \$105 billion in 2015. Sales figures from 2017 illustrate revenues at \$99.5 million.

Major product segments sold in this subsector include computers and peripherals (about 25 percent of industry revenue); telephones (15 percent); major household appliances (15 percent); and TVs (ten percent). Other products include video equipment (video recorders, DVD players, and electronic games); audio equipment (home and auto sound systems, home theater systems, and accessories); cameras and photography equipment; and computer software.

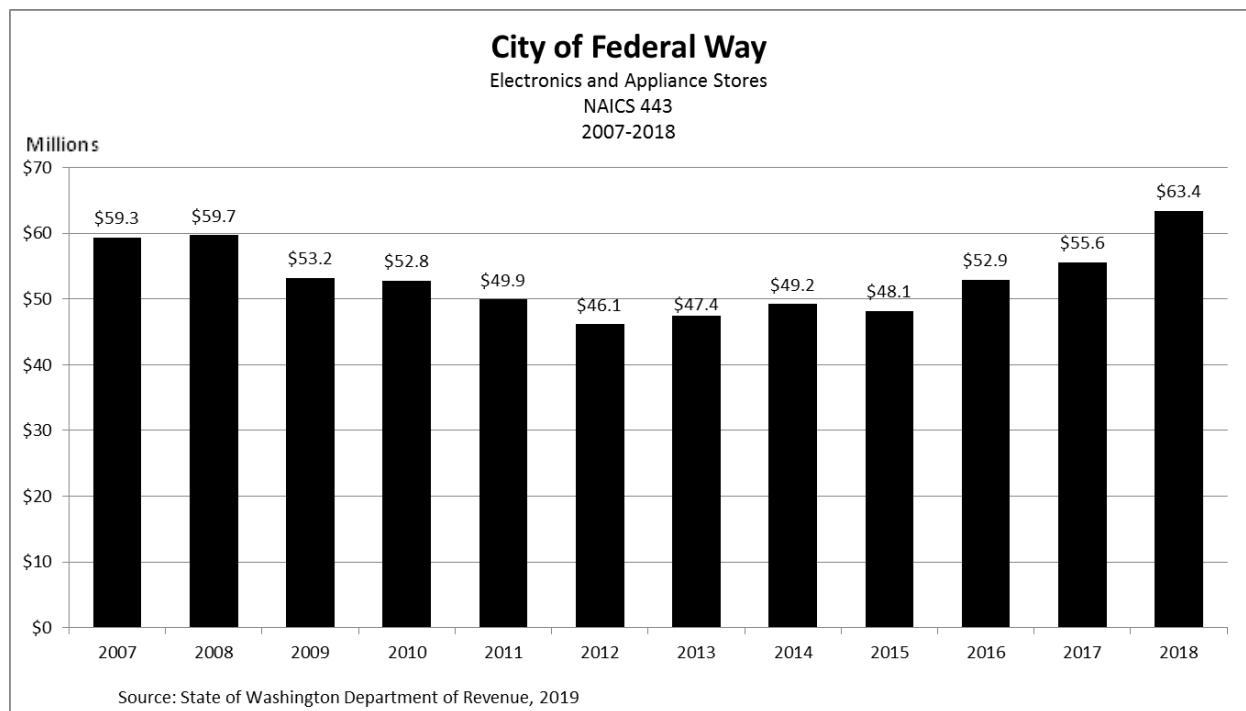
However, since 2006 some 20 percent of the top 100 retailers in this sector are no longer in business, including the former well known Circuit City, which ranked third at the time.

As such, no one retailer or retailers control the market. In fact, the 50 largest companies account for less than 50 percent of industry sales. However, the major competitors of freestanding household appliance stores include home improvement stores Lowe's and Home Depot along with the consumer electronics store Best Buy, the warehouse clubs Costco and Sam's Club, and mass merchandisers such as Walmart and Target.

Top 10 Appliance Stores Nationwide

- Lowes
- Home Depot
- Best Buy
- Sears
- Sears Hometown Stores
- Walmart
- P.C. Richard & Son
- Nebraska Furniture Mart
- Costco
- Abt Electronics and Appliances

Research on taxable retail sales from 2007 to 2018 in Federal Way, specifically before and through the recovery from the "Great Recession," actually grew during the beginning of the recession but then declined later, lagging during the timeframe of the recession. In Federal Way, the low point for sales was \$46 million in 2012. It finally returned to pre-recession levels to \$63.4 million in 2018. See chart next page.



MARKET

As previously identified in the sector Building Materials, Garden Equipment, and Supplies Dealers' the increasing annual totals are likely attributed to the building boom associated with the Puget Sound region's population growth as well as increased renovations by homeowners.

According to the Census Bureau, the population of Federal Way has increased 15 percent in nine years from 84,634 in 2009 to 97,044 in 2018. In 2018, King County recorded the sixth largest increase in residents among U.S. counties. When accounting for the over 300,000 people that have moved to King County since 2010, it's the third fastest growing county in the nation over the last decade.

***There were 42,603 building permits issued in Washington in 2017.
The state had the 6th most building permits issued in 2017 compared to other states.***

***Washington had 5.8 building permits per capita in 2017.
It had the 10th most building permits per capita when compared to other states.***

National Association of Home Builders

Downtown Federal Way has 18 electronics and appliance establishments. Of those establishments, 13 sell products exclusively in this category where 10 are cell phone stores and the rest are electronic stores such as Best Buy, Car Toys, and a local computer store. Though not exclusively focused in this category, Walmart, Target, Macy's, Home & Home, and Teletron also offer a variety of electronics and small appliances.

As previously identified, out of the top ten appliance stores nationwide, downtown Federal Way has Best Buy and Walmart. Sears closed in 2018. While not in the downtown, Federal Way does have Lowes, Home Depot, and Costco in other areas of the city.

Recent Store Closures

Businesses come and businesses go. Unfortunately, there is no longer a RadioShack in downtown or in the city. Competition from e-commerce is challenging many electronics retailers. In addition, Sears closed in April 2018 following its bankruptcy filing in October 2018. The facility is located in The Commons Mall, and it remains vacant.

Recent Store Openings

There continues to be a healthy demand for electronics and appliance stores in Federal Way. In 2017, Teletron opened downtown.

TRENDS

According to a report by the market research firm ESRI, 83.1 percent of Federal Way households had a smartphone in 2018 versus the national average of 71 percent.

Similarly, the percentage of Federal Way households that own a desktop or laptop computer is 77.5 % versus the national average of 70 percent. Nationwide, the percentage of Americans that use the internet has grown from 52 percent in 2000 to 89 percent today.

Despite increased household use of more advanced consumer technologies, (whether nationally or in Federal Way), average spending has increased only modestly, as prices for most of these products have fallen. Forecasts illustrate much of the same activity.

Another trend is the effect of Generation Z entering the workforce. With higher disposable incomes, this age segment is used to satisfying their purchasing needs online affecting traditional retailers dependent on foot traffic for their sales.

Additionally, consumers are increasingly seeking smart appliances to incorporate into their connected lifestyles. Electronics and appliance manufacturers will seek to include advanced technology and connectivity features to existing products, while others will seek to develop new appliances to add to their portfolios.

SOURCES

- US Dept. of Labor, Bureau of Labor Statistics
- US Dept. of Commerce, Census Bureau, Annual Retail Trade Survey, 2017
- City of Federal Way
- Consumer Expenditure Survey
- Consumer Technology Association
- ESRI
- Federal Reserve Economic Data, Federal Reserve Bank of St. Louis
- King County
- North American Industry Classification System
- Washington State Department of Revenue

Location of Electronics and Appliance Stores



Electronics and Appliance Stores

This category includes stores that sell appliances, televisions, radios, computers, software, cameras, photographic supplies, and other electronics. Downtown Federal Way currently has 18 Electronics and Appliance Stores. Thirteen of these stores sell products exclusively in this category where ten are cell phone stores, and the rest are electronic stores such as Best Buy, Car Toys, and a local computer store. Though not exclusively focused in this category, Walmart, Target, Macy's, Home&Home, and Teletron also offer a variety of electronics and small appliances.

Year Built is the calendar year in which at least 50 percent of the original construction was complete.

Effective Year Built is the adjusted year built taking into account any subsequent new construction or major rehabilitation.

1. AT&T Store

2420 S 320th St

Located: Attached to Pier 1 in Gateway Center
Telecommunications company providing cell phones, data plans, tablets & more.

Square Footage: 2,000

Year Built: 1984 (Eff. Year: 2000)

2. Metro by T-Mobile

2016-O S 320th St

Located: Center Plaza
Wireless provider supplying phones, no-contract plans, accessories & repair services.

Square Footage: 2,000

Year Built: 1979 (Eff. Year: 1990)

3. Sprint Store

1812-B S 320th St

Located: SeaTac Village
Provider of wireless plans, cell phones, accessories & more.

Square Footage: 2,000

Year Built: 1976 (Eff. Year: 1990)

4. Verizon

2125 S 320th St

Located: The Commons Mall
Telecommunications company offering cell phones, wireless plans, accessories & more.

Square Footage: 4,500

Year Built: 2007

5. Target

2201 S Commons

Located: The Commons Mall
Retail chain offering home goods, clothing, electronics & more, plus exclusive designer collections. Some grocery products available as well.

Square Footage: 123,735

Year Built: 2004

6. Metro by T-Mobile

1928 S Commons #C8

Located: The Commons Mall
Wireless provider supplying phones, no-contract plans, accessories & repair services.

Square Footage: 1,074

Year Built: 1975 (Eff. Year: 1985)

7. Sprint

1941 S Commons

Located: The Commons Mall
Provider of wireless plans, cell phones, accessories & more.

Square Footage: 500

Year Built: 1975 (Eff. Year: 1985)

8. AT&T Store

1838 S Commons

Located: The Commons Mall
Telecommunications company providing cell phones, data plans, tablets & more.

Square Footage: 990

Year Built: 1975 (Eff. Year: 1985)

9. Macy's

1901 S Commons

Located: The Commons Mall
Department store chain providing brand-name clothing, accessories, home furnishings & housewares.

Square Footage: 141,259

Year Built: 1977 (Eff. Year: 1985)

10. T-Mobile

32225 Pacific Hwy S #202
Located: Celebration Center
Wireless provider offering cell phones, data plans, Internet devices & accessories.
Square Footage: 2,500
Year Built: 2005

11. Infotech Systems

1414 S 324th St #B112
Located: Celebration Center
Computer store open since 1996 specializing in home PCs, gaming PCs, repairs, and custom builds.
Square Footage: 5,000
Year Built: 1979
(Eff. Year: 1990)

12. Cricket Wireless

31721-B Pacific Hwy S
Located: Pavilions Centre II
Wireless provider offering prepaid mobile phones, coverage plans & a range of accessories.
Square Footage: 2,000
Year Built: 2008 (Eff. Year: 2010)

13. Best Buy

31601 Pacific Hwy S
Located: Pavilions Centre II
Chain retailer with a large array of brand-name electronics, computers, appliances & more.
Square Footage: 45,000
Year Built: 2001

14. Car Toys

31610 Pacific Hwy S
Retail chain specializing in mobile phones & auto electronics, from speakers & alarms to GPS tools.
Square Footage: 10,000
Year Built: 1980 (Eff. Year: 1995)

15. Sprint

31511 Pacific Hwy S
Located: Pavilions Centre
Provider of wireless plans, cell phones, accessories & more.
Square Footage: 1,801
Year Built: 1995

16. Home&Home

31515 Pete von Reichbauer Way S
Located: H-Plaza
Home&Home is a Korean-focused one stop family house ware and home décor department store that opened up in Federal Way in 2017
Year Built: 1990 (Eff. Year: 2000)

17. Teletron

31515 Pete von Reichbauer Way S
Located: H-Plaza
Teletron is the fastest growing consumer furniture and electronics store in the Asian-American community.
Year Built: 1990 (Eff. Year: 2000)

18. Walmart

1900 S 314th St
Located: The intersection of PVR Way and 314th
This is the smaller of the two Walmart's in Federal Way.
Square Footage: 122,549
Year Built: 1999