



City of West Linn Economic Opportunity Analysis

May 2015



Prepared by



Acknowledgements

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Introduction

The City of West Linn is conducting an Economic Opportunities Analysis (EOA) as required by its Periodic Review work program to update its Comprehensive Plan. The City received grant funds from the Department of Land Conservation and Development (DLCD) for technical consultant assistance to complete this task. The consulting firm of Cogan Owens Greene was hired to assist the City with this process. We developed the EOA in compliance with OAR 660 Division 9 (Statewide Planning Goal 9: Economic Development). The West Linn (EOA) will serve as a basis for the City of West Linn to document and adopt local policies and actions that help make West Linn a more economically viable community while maintaining a good quality of life for residents, businesses, and workers. The EOA addresses state requirements to periodically review and update:

- West Linn’s vision for strengthening its economy through the adoption of policies that include community economic development objectives.
- Urban growth requirements (land needs) for providing an adequate supply of land needed to accommodate anticipated demand associated with a 20-year employment growth forecasts.

The West Linn Economic Development Committee (EDC) acted as the project advisory committee, reviewing each task during the process to complete the EOA. The six elements reviewed by the West Linn EDC include:

1. Community Economic Development Objectives
2. Economic Trends Analysis
3. Site Suitability Analysis (Land Demand)
4. Inventory of Suitable Sites (Land Supply)
5. Assessment of Potential (Reconciliation of Demand and Supply)
6. Implementation Policies and Action Measures

The process and findings of these elements are outlined in detail throughout the remainder of the EOA document. This includes establishing community economic development objectives (CEDOs) to guide the process. We examined key demographic and employment opportunities and trends to assess West Linn’s economic development potential, projected employment growth, and determined short- and long-term demand for employment land. This demand is compared to an inventory of suitable commercial and industrial properties (supply) to assess the sufficiency of immediate and longer term (20-year) supply of commercial and industrial employment land in the City’s Urban Planning Area (UPA). Finally, economic development objectives, policies and action measures are recommended for inclusion in the West Linn Comprehensive Plan.

Methodology and Approach

The methodology used to prepare the West Linn EOA is consistent with the Department of Land Conservation and Development (DLCD) Goal 9 administrative rule, and the supporting Oregon Administrative Rule (OAR) 660 guidance, as well as other supporting guidance provided per the *DLCD Industrial & Other Employment Lands Analysis Guidebook (2005)*.

Community Economic Development Objectives

The West Linn Community Economic Development Objectives were developed by reviewing and updating the Goal 9: Economic Development Goals in West Linn's Comprehensive Plan. Existing goals were refined based on comments received in a community-wide survey, interviews with key stakeholders and comments from staff and members of the EDC. A summary of outreach results is provided in Appendix A. Upon adoption, the following CEDOs will replace the Comprehensive Plan goals for economic development:

1. Encourage the retention, expansion and economic viability of existing business and industry.
2. Support retail businesses that enhance the community and provide wanted goods and services.
3. Promote the efficient use of commercial and industrial land adequate to serve a range of employment opportunities in the City.

Employment Trends

In accordance with OAR 660-009-0015(1-4), the COG/FCS Group consulting team conducted an analysis of economic trends and local competitive advantages to prepare employment growth forecast for the City of West Linn. The analysis considers local economic development visions, goals and objectives to inform the growth forecast scenarios.

Economic Overview and Market Context

The economic overview and real estate market analysis of office, commercial, industrial, and public government space development for the West Linn area focused on the expected level of demand for new development related to job growth in the City over the next 20 years (2015-2035).

The US economy is still recovering from the recent recession. Trends indicate moderate growth in the gross domestic product (GDP), the dollar value of all goods and services produced. Wells Fargo estimates the US economy will have a 2.4% annual year-over-year GDP growth in 2014, up from 1.3% in 2013. The US Consumer Price Index (CPI) has remained relatively low (1.5% to 1.7%) over the past few years. However, analysts expect the CPI to increase to 2.1% next year. This would likely push the historically low interest rates for bank loans and home mortgages up supporting increased demand. Projections for US GDP growth in 2015 look promising, as advanced and developing economies continue to make economic gains (Exhibit 1).

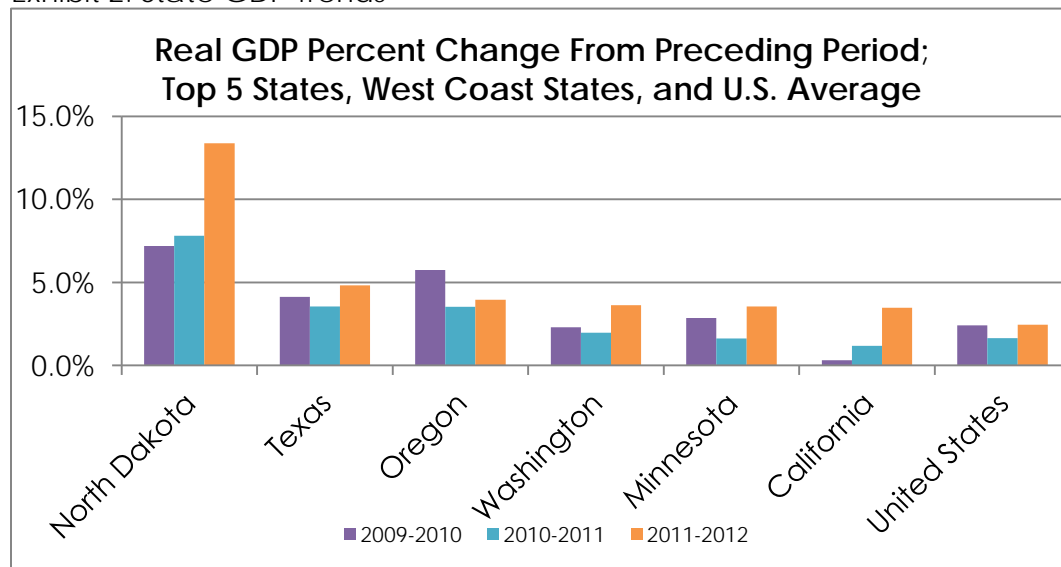
Exhibit 1: Worldwide GDP and CPI Trends

	GDP			CPI		
	2013	2014 est.	2015 proj.	2013	2014 est.	2015 proj.
Advanced Economies	1.3%	2.2%	2.6%	1.3%	1.4%	1.8%
United States	1.9%	2.4%	3.1%	1.5%	1.7%	2.1%
Eurozone	-0.4%	1.3%	1.9%	1.4%	0.9%	1.4%
United Kingdom	1.8%	2.6%	2.7%	2.6%	1.9%	2.3%
Japan	1.5%	1.4%	1.4%	0.4%	1.5%	1.3%
Korea	2.8%	3.8%	3.5%	1.3%	2.0%	2.9%
Canada	2.0%	2.1%	2.4%	1.0%	1.5%	1.9%
Developing Economies	4.6%	4.9%	5.0%	6.6%	6.2%	6.4%
China	7.7%	7.5%	7.1%	2.6%	2.5%	3.0%
India	4.6%	5.3%	5.5%	10.1%	8.5%	8.5%
Mexico	1.1%	2.7%	3.2%	3.8%	4.6%	4.1%
Brazil	2.3%	2.3%	3.2%	6.2%	5.5%	5.8%
Russia	1.3%	2.2%	3.2%	6.8%	6.0%	5.7%

Source: Wells Fargo Bank, Forecast as of March 12, 2014. **Abbreviations:** CPI - Consumer Price Index, GDP - Gross Domestic Product.
Compiled by FCS Group.

Within the US, Oregon has one of the fastest growing GDPs in the country since the Great Recession,¹ as measured in real GDP percent change from year to year. According to the US Bureau of Economic Research, the Oregon economy grew faster than all but two states (North Dakota and Texas) in the past few years in terms of percent GDP growth (Exhibit 2).

Exhibit 2: State GDP Trends



Source: US Bureau of Economic Analysis
Compiled by FCS Group.

¹ According to the National Bureau of Economic Research, the “Great Recession” occurred between December 2007 and June 2009.

Despite relatively strong statewide GDP growth, the greater Portland region and particularly Clackamas County are still recovering from high unemployment levels from the Great Recession. Since 2010, unemployment levels have steadily declined within Clackamas County and the greater Portland Metropolitan Statistical Area (MSA). However, unemployment and under-employment levels remain higher than before the Great Recession (Exhibit 3).

Exhibit 3: Unemployment Rates

	2007	2008	2009	2010	2011	2012	2013
Clackamas County	4.6%	5.7%	10.2%	10.1%	8.9%	8.0%	6.8%
Portland MSA*	4.9%	6.0%	10.8%	10.6%	9.3%	8.2%	7.3%
Oregon	5.2%	6.5%	11.1%	10.8%	9.7%	8.8%	7.7%

Source: Oregon Employment Department

Notes: the Portland MSA includes all of Clackamas, Columbia, Multnomah, Washington and Yamhill counties in Oregon and Clark and Skamania counties in Washington State.

Compiled by FCS Group.

Population Trends

While employment levels have experienced ups and downs, population continues to increase in West Linn, Clackamas County, the tri-county Metro region, and the State. West Linn’s population increased from 22,261 residents in 2000 to 25,992 in 2013. The Compound Annual Growth Rate (CAGR) for population within West Linn (1.2%) outpaced that of the state and Clackamas County (but not the tri-county Metro region) between 2000 and 2010.

The number of occupied housing units in West Linn has been growing faster than the population, and increasing at a faster rate (1.6% CAGR) than Clackamas County, Metro region and the state. One reason why housing units are increasing faster than the population could be that West Linn’s average household size decreased from 2.7 people per housing unit in 2000 to 2.6 in 2010 (Exhibit 4).

Exhibit 4: Population and Housing Units

	2000	2010	2013	CAGR 2000-2010	CAGR 2010-2013
West Linn					
Population	22,261	25,109	25,992	1.2%	1.2%
Occupied Housing Units	8,161	9,523		1.6%	
Average Household Size	2.7	2.6			
Clackamas County					
Population	338,391	375,992	388,263	1.1%	1.1%
Occupied Housing Units	127,054	145,790		1.4%	
Average Household Size	2.7	2.6			
Metro Region (tri-county includes Clackamas, Multnomah, and Washington Counties)					
Population	1,444,219	1,641,036	1,709,394	1.3%	1.4%
Occupied Housing Units	568,314	651,264		1.4%	
Average Household Size	2.5	2.5			
Oregon					
Population	3,421,399	3,831,074	3,930,065	1.1%	0.8%

Source: US Census Bureau **Abbreviations:** CAGR - Compound Annual Growth Rate
Compiled by FCS Group.

Long-term regional growth forecasts by Metro, the regional government, expect population within the tri-county Metro region to increase from 1.7 million (current estimate) to more than 2.2 million people by 2015. The Oregon Office of Economic Analysis (OEA) projects the Clackamas County population to increase by 119,514 residents between 2015 and 2035 (Exhibit 5).

Exhibit 5: Population Projections; 2015-2035

Area	2015 proj.	2035 proj.	CAGR
Clackamas County	393,217	512,731	1.3%
Washington County	570,672	782,316	1.6%
Multnomah County	768,632	909,947	0.8%
Metro Region (tri-county)	1,732,521	2,204,994	1.2%
Oregon	4,001,600	4,995,200	1.1%

Source: Office of Economic Analysis **Abbreviations:** CAGR - Compound Annual Growth Rate
Compiled by FCS Group.

Economic Trends Analysis

To better understand socio-economic characteristics of West Linn’s residents and consumers, FCS Group evaluated ESRI’s Tapestry™ Segment definitions for the West Linn zip codes. The leading Tapestry types in West Linn include:

- **35% Savvy Suburbanites:** includes empty nesters or empty nester wannabes living in established neighborhoods. These residents tend to be well educated, well read and well capitalized.
- **25% In Style:** includes professional couples and singles with strong work ethics and no children. They are also well educated and enjoy travel, reading and technology.
- **18% Soccer Moms:** includes affluent family-oriented couples with children. They also tend to be well educated and enjoy outdoor recreation.

The fact that West Linn is comprised of relatively affluent households with relatively higher income levels than most surrounding areas may bode well for existing and future retail development. Comparative income statistics are provided in Exhibit 6.

Exhibit 6: Income Trends

	Area	Census 1999	ACS 2008-2012	CAGR
Median House hold Income	West Linn	\$72,010	\$86,611	1.4%
	Clackamas County	\$52,080	\$63,951	1.6%
	Washington County	\$52,122	\$64,375	1.6%
	Multnomah County	\$41,278	\$51,582	1.7%
	Oregon	\$40,916	\$50,036	1.6%
Per Capita Income	West Linn	\$34,671	\$41,319	1.4%
	Clackamas County	\$25,973	\$32,249	1.7%
	Washington County	\$24,969	\$31,476	1.8%
	Multnomah County	\$22,606	\$29,984	2.2%
	Oregon	\$20,940	\$26,702	1.9%

Source: US Census Bureau; American Community Survey (2008-2012) figures reported in 2012 inflation adjusted dollars, and the 2000 Census **Abbreviations:** CAGR - Compound Annual Growth Rate
Compiled by FCS Group.

Employment, comprised of workers at local business establishments, in Clackamas County has increased by 490 jobs per year (annual average increase) over the past ten years. As indicated in Exhibit 7, the largest increases in employment occurred in the service and retail sectors, while the largest decrease in employment has occurred in the industrial and government sectors.

Exhibit 7: Clackamas County Non-Farm, Covered at Place of Work Employment

Sector	2004	2006	2010	2012	2013	2004-2013 Change	
						Jobs	CAGR
Industrial ¹	42,900	46,500	39,000	39,900	41,400	(1,500)	-0.4%
Service ²	59,600	63,600	62,400	64,200	65,500	5,900	1.1%
Retail	16,500	17,400	16,400	17,100	17,600	1,100	0.7%
Government ³	17,100	17,600	17,400	16,700	16,500	(600)	-0.4%
Total	136,100	145,100	135,200	137,900	141,000	4,900	0.4%

Source: Oregon Employment Department (non-farm employment) **Abbreviations:** CAGR - Compound Annual Growth Rate

¹Industrial jobs include the following sectors: Natural Resources and Mining (11-21), Construction (23), Manufacturing (31-33), Wholesale Trade (42), and Transportation, warehousing, and utilities (48-49)

²Service jobs include the following sectors: Information (51), Financial (52), Professional business services (54), Education and Health Services (61-62), Leisure and hospitality (71-72), and Other services (81)

³Government jobs include the following sectors: Education services (61), and Public Administration (92)
Compiled by FCS Group.

Employment in West Linn has increased by only 25 jobs per year (annual average) over the past seven years.² Like Clackamas County, the largest increase in employment has occurred in the service and retail sectors, while the largest decrease occurred in the industrial and government sectors (Exhibit 8).

Of note, these employment estimates may understate the total number of employees that work in West Linn, because the Oregon Employment Department job estimates tend to exclude home-based businesses (workers) that do not report unemployment insurance. Our examination of West Linn business license data for 2014 indicates that of the 928 total businesses with a business license (408 businesses within city limits and 520 outside city limits), a total of 424 are home-based businesses; 47% of the total. Most of them are located outside the city limits.

Exhibit 8: West Linn Non-Farm, Covered at Place of Work Employment

Sector	2006	2012	2006-2012 Change	
			Jobs	CAGR
Industrial ¹	1,098	907	(191)	-3.1%
Service ²	2,471	2,828	357	2.3%
Retail	508	575	67	2.1%
Government ³	736	679	(57)	-1.3%
Total	4,813	4,989	176	0.6%

Source: Oregon Employment Department **Abbreviations:** CAGR - Compound Annual Growth Rate

¹Industrial jobs include the following sectors: Natural Resources and Mining (11-21), Construction (23), Manufacturing (31-33), Wholesale Trade (42), and Transportation, warehousing, and utilities (48-49)

²Service jobs include the following sectors: Information (51), Financial (52), Professional business services (54), Education and Health Services (61-62), Leisure and hospitality (71-72), and Other services (81)

³Government jobs include the following sectors: Education services (61), and Public Administration (92)
Compiled by FCS Group.

The top employment sectors in West Linn (sorted by 3-digit North American Industrial Classification) are largely services. The top five sectors include: food services/drinking places; educational services; food/beverage stores; professional/scientific/technical services; and ambulatory health care services (Exhibit 9).

² Note, a seven-year analysis time frame is used to coincide with the available data provided by Oregon Employment Department for the City of West Linn.

Exhibit 9: Largest Employment Sectors in West Linn

3-Digit NAICS	Industry	2012 Jobs
722	Food Services and Drinking Places	567
611	Educational Services	529
445	Food and Beverage Stores	345
541	Professional, Scientific, and Technical Services	344
621	Ambulatory Health Care Services	310
561	Administrative and Support Services	285
322	Paper Manufacturing	242
623	Nursing and Residential Care Facilities	200
425	Wholesale Electronic Markets and Agents and Brokers	180
813	Religious/Civic/Professional Organizations	153

Source: Oregon Employment Department
 Compiled by FCS Group.

The top employers in West Linn include several private companies and two local government entities. The top five employers are the West Linn Paper Company, City of West Linn, West Linn High School, Rose Linn Care Center and Safeway Stores (Exhibit 10).

Exhibit 10: Largest Employers in West Linn

	Description	Jobs
West Linn Paper Company	Paper Manufacturing	200-249
City of West Linn	Local Government	150-200
West Linn High School	Educational Services	100-149
Rose Linn Care Center	Nursing and Residential Care Facilities	100-149
Safeway Stores, Inc.	Food and Beverage Stores	100-149
First Student Management LLC	Transit and Ground Passenger Transportation	50-99
Market of Choice	Food and Beverage Stores	50-99
Tanner Spring Assisted Living	Nursing and Residential Care Facilities	50-99
Albertsons	Food and Beverage Stores	50-99

Compiled by FCS Group.

Employment Growth Forecasts

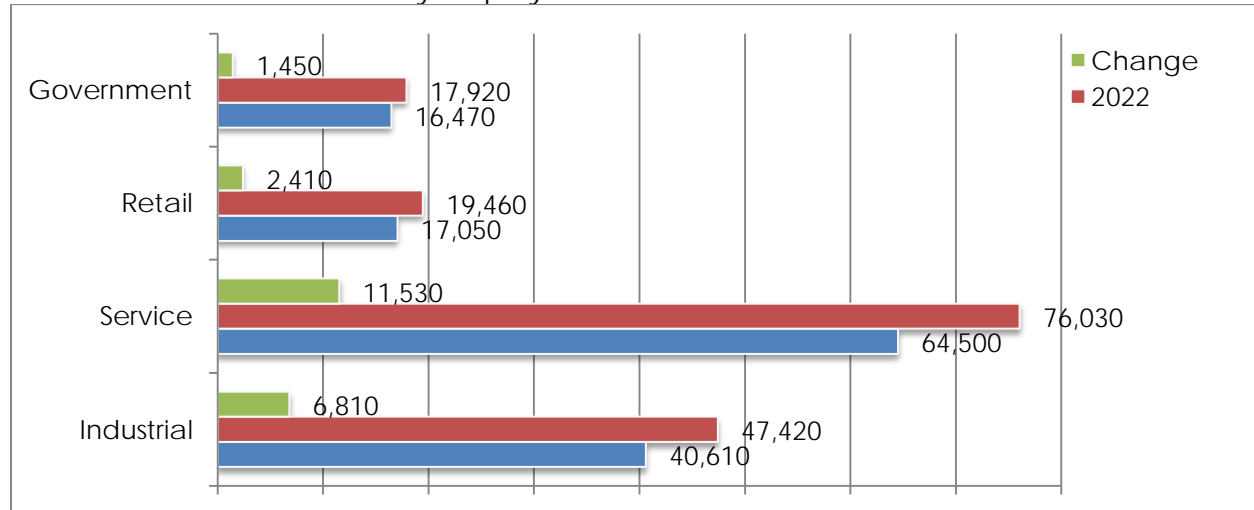
The Oregon Employment Department (OED) forecast for employment by major job sectors in Clackamas County is shown in Exhibit 11. The 2012 to 2022 OED job growth forecast for projects a 22,200 increase in the total number of jobs for the County. The service sector is expected to increase by the largest number of jobs (11,530) followed by the industrial sector (6,810), retail sector (2,410) and government sector (1,450).

In addition to examining the OED job growth forecasts, we also looked at Metro job growth forecasts. Metro compiled 2035 Metroscope gamma forecasts for households and employment for all jurisdictions within the Metro Urban Growth Planning Area. This includes forecasts from 2013-2040 and is the basis of for the West Linn EOA. The Gamma forecast is now being reviewed by local jurisdictions and is to be refined and adopted later this year by the Metro Council.

According to the current Metro job growth forecast, West Linn is projected to add 1,902 jobs and 1,410 households by 2035. The Gamma forecast projects the service sector will

receive the most new jobs and grow the fastest in the next 20 years for West Linn and Clackamas County.

Exhibit 11: Clackamas County Employment Forecast: 2012-2022



Source: Oregon Employment Department

¹Industrial jobs include the following sectors: Natural Resources and Mining (11-21), Construction (23), Manufacturing (31-33), Wholesale Trade (42), and Transportation, warehousing, and utilities (48-49)

²Service jobs include the following sectors: Information (51), Financial (52), Professional business services (54), Education and Health Services (61-62), Leisure and hospitality (71-72), and Other services (81)

³Government jobs include the following sectors: Education services (61), and Public Administration (92)
Compiled by FCS Group.

According to Metro, West Linn is projected to capture more of Clackamas County’s retail jobs and fewer service jobs over time. Over the 2015-2035 timeframe, West Linn is expected to capture 5% of total retail jobs and 3.1% of the total number of service jobs in the County (Exhibit 12).

Exhibit 12: Employment Growth Forecast

Area	Sector	2010	2015	2035	Change 2015-2035	
					Jobs	CAGR
West Linn						
	Retail	966	1,057	1,517	460	1.8%
	Service	1,593	1,768	2,685	916	2.1%
	Other*	1,693	1,805	2,331	526	1.3%
	Total	4,252	4,630	6,533	1,902	1.7%
Clackamas County						
	Retail	20,533	22,382	31,600	9,218	1.7%
	Service	38,214	43,558	73,526	29,968	2.7%
	Other*	68,639	72,428	89,794	17,366	1.1%
	Total	127,386	138,368	194,920	56,553	1.7%
Metro Region (tri-county area)						
	Total	778,569	844,724	1,174,762	330,038	1.7%
West Linn Capture Rate of County						
	Retail	4.7%	4.7%	4.8%	5.0%	
	Service	4.2%	4.1%	3.7%	3.1%	
	Other*	2.5%	2.5%	2.6%	3.0%	
	Total	3.3%	3.3%	3.4%	3.4%	
West Linn Capture Rate of Metro Region						

Total 0.5% 0.5% 0.6% 0.6%

Source: Metroscope Gamma 2040 Forecast with 2015 interpolation by FCS Group
 *Other includes government and industrial employment. Compiled by FCS Group.

The ratio of households to jobs shows that West Linn residents tend to commute for work. The City currently averages 2.4 households for every job in the City, far above the ratio for Clackamas County and the Metro Region (Exhibit 13). According to the Gamma Forecast, the household-to-jobs ratio is expected to decrease for West Linn and stay relatively constant in the county and region. This forecasted decrease in the household-to-jobs ratio for West Linn would require the city to attract more jobs than households over the next two decades, which is contrary to past City trends.

Exhibit 13: Ratio of Households to Jobs

Area	2010	2015 est.	2035 proj.
West Linn	2.4	2.3	1.8
Clackamas County	1.1	1.1	1.1
Metro Region (tri-county area)	1.2	1.2	1.2

Source: Metroscope Gamma 2035 Forecast with 2015 interpolation by FCS Group
 Compiled by FCS Group.





Market Trends Analysis

Current market trends regarding retail, office, and industrial tenant absorption levels, existing vacancy rates, retail inflow/outflow, and input from state and regional economic development organizations are important factors to consider when evaluating the ability to achieve the employment growth forecasts. A summary of these considerations follows.

Office Market

West Linn has added four Class A office buildings over the past eight years, including the Willamette 205 Corporate Center, Willamette Marketplace, West Linn Central Village and the Summerlinn Center. Available lease spaces range from 637-3,365 SF in the Willamette Marketplace to 6,857 SF in the Sumerlinn Center (Exhibit 14).

Exhibit 14: Representative For-Lease Office Buildings in West Linn

	<p>Willamette 205 Corporate Center Building A West Linn, OR Shared conference facility with video conferencing and voice-over IP capabilities. Access to Club Ro ...</p>	<p>1,128 - 2,968 SF \$26.50 /SF/Year 5 Spaces 80,000 SF Bldg Office Building</p>
 <p>5 Photos</p>	<p>Willamette Marketplace West Linn, OR Retail / Office / Medical Space Available * Retail: Building A - 1,804 SF Building C - 1,795 SF T ...</p>	<p>637 - 3,365 SF \$25 - \$26 /SF/Year 5 Spaces 10,399 SF GLA Medical Office</p>
	<p>West Linn Central Village - 21900 Willamette Drive West Linn, OR West Linn Central Village Windermere Real Estate Building</p>	<p>6,000 SF \$19.75 /SF/Year 1 Space 6,000 SF Bldg Office Building</p>
	<p>Summerlinn Center West Linn, OR Shared conference facility with video conferencing and voice-over IP capabilities. Access to Club Ro ...</p>	<p>859 - 6,857 SF \$26.50 /SF/Year 6 Spaces 65,000 SF Bldg Office Building</p>

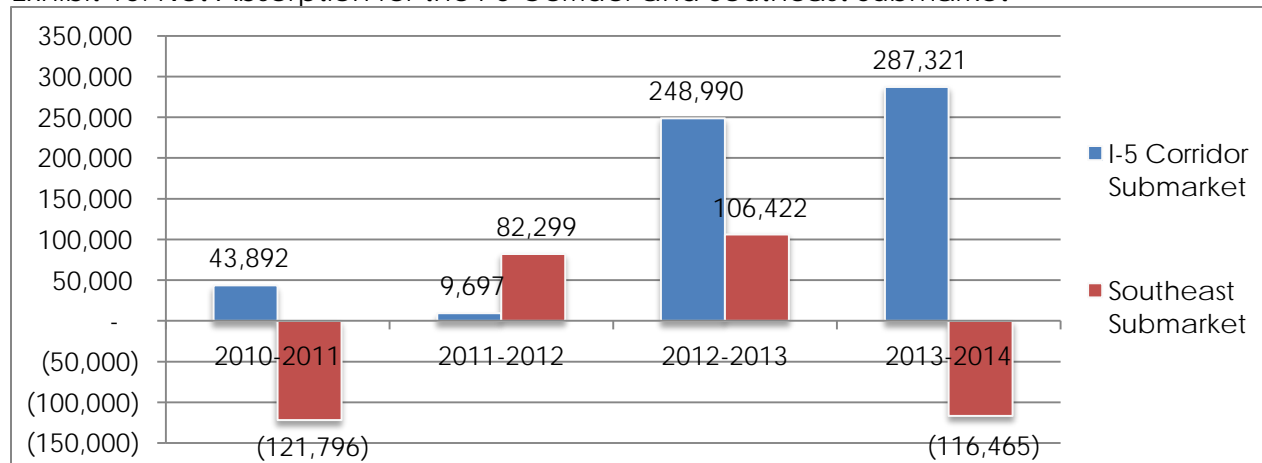
Source: LoopNet.

West Linn’s nearest competitive office submarkets include those in the I-5 Corridor submarket cluster, the submarket cluster in which West Linn is contained, and the Southeast area submarket cluster.³

Since 2010, office market activity within the I-5 Corridor submarket recorded positive net absorption every year, which the Southeast market area recorded positive absorption in only two years. Annual rents for Class A space (per leasable square foot) remained relatively strong in both areas at \$24-26 psf (Exhibits 15 and 16).

³ The I-5 Corridor submarket cluster includes the submarkets of Kruse Way, Lake Oswego/West Linn, Sherwood, Tigard, Tualatin, and Wilsonville. The Southeast submarket cluster includes the submarkets of Clackamas/Milwaukie, Mall 205, Oregon City, and SE Close-In. Compiled by FCS Group.

Exhibit 15: Net Absorption for the I-5 Corridor and Southeast Submarket



Source: The CoStar Office Report (annual net absorption, 2Q 2010-1Q 2014)

*The I-5 Corridor submarket cluster includes the submarkets of Kruse Way, Lake Oswego/West Linn, Sherwood, Tigard, Tualatin, and Wilsonville

*The Southeast submarket cluster includes the submarkets of Clackamas/Milwaukie, Mall 205, Oregon City, and SE Close-In. Compiled by FCS Group.

Exhibit 16: Office Space Inventory

Market/ Office Space Class	Existing Inventory		Vacancy			YTD Deliveries	Under Construction SF	Quoted Rates
	# Buildings	Total Rentable Business Area	Total SF	Vacancy %	YTD Net Absorption			
I-5 Corridor*								
A	41	3,525,683	618,664	17.5%	41,849	-	-	\$25.81
B	230	4,390,968	499,294	11.4%	40,841	-	-	\$18.97
Southeast*								
A	10	722,642	171,434	23.7%	(15,823)	-	-	\$23.56
B	170	3,750,505	247,851	6.6%	(24,090)	-	-	\$18.32
Total Suburban*								
A	153	15,917,457	1,725,320	10.8%	138,144	100,000	-	\$23.60
B	1,300	33,206,681	2,921,659	8.8%	306,088	42,601	32,594	\$18.90

Source: The CoStar Office Report, March 2014.

*The I-5 Corridor submarket cluster includes the submarkets of Kruse Way, Lake Oswego/West Linn, Sherwood, Tigard, Tualatin, and Wilsonville

*The Southeast submarket cluster includes the submarkets of Clackamas/Milwaukie, Mall 205, Oregon City, and SE Close-In




*The Suburban submarket consists of all office inventory not in the Central Business District of the metropolitan area

Compiled by FCS Group.

Retail Market

West Linn has four community commercial centers: Robinwood Shopping Center, West Linn Central Village, Salamo Shopping Center and the historic Willamette/12th Street commercial area. There are also dozens of commercial and retail businesses located along Highway 43 (State Street). Representative for-lease commercial buildings are shown in Exhibit 17.

Exhibit 17: Representative For-Lease Retail Buildings in West Linn

 <p>10 Photos</p>	<p>West Linn Willamette District Corner Retail West Linn, OR -Awesome 1893 replica with all the infrastructure of a modern Building. -Opening French door Storefr ...</p>	<p>2,000 SF \$24 /SF/Year 1 Space 9,000 SF Bldg Street Retail</p>
 <p>5 Photos</p>	<p>Willamette Marketplace West Linn, OR Retail / Office / Medical Space Available * Retail: Building A - 1,804 SF Building C - 1,795 SF T ...</p>	<p>637 - 3,365 SF \$25 - \$26 /SF/Year 5 Spaces 10,399 SF GLA Neighborhood Center</p>
	<p>Cedar Oaks Retail West Linn, OR Located in an upscale suburban community on Highway 43.</p>	<p>1,158 SF Negotiable 1 Space 1,158 SF GLA Community Center</p>

Source: Loopnet.

Retail market absorption has remained healthy within the I-5 Corridor, but appears to be softening within West Linn and the Southeast submarket over the past year. As indicated in Exhibit 18, vacancy rates remain relatively low at 4.8% in the I-5 Corridor and 5.4% in the Southeast submarket.

Exhibit 18: Retail Absorption and Vacancy for the I-5 Corridor and Southeast Submarket

	2010-2011	2011-2012	2012-2013	2013-2014
I-5 Corridor Submarket				
Vacant SF	447,884	465,634	461,771	463,019
Vacancy %	4.5%	4.7%	4.7%	4.8%
Net Absorption	10,604	90,289	287,582	41,209
Southeast Submarket				
Vacant SF	1,129,758	1,139,692	1,213,393	1,175,706
Vacancy %	4.9%	5.2%	5.5%	5.4%
Net Absorption	58,441	153,524	108,628	(30,911)

Source: The CoStar Retail Report, March 2014.

*The I-5 Corridor submarket cluster includes the submarkets of Kruse Way, Lake Oswego/West Linn, Sherwood, Tigard, Tualatin, and Wilsonville

*The Southeast submarket cluster includes the submarkets of Clackamas/Milwaukie, Mall 205, Oregon City, and SE Close-In

Compiled by FCS Group.

The retail market within the Lake Oswego/West Linn submarket softened in 2014, with absorption down 13,149 feet (1st quarter 2014) and overall vacancy rates at 5.4%, higher than the previous year. The largest retail project under construction in the Lake Oswego/West Linn submarket includes the Kruse Village project by Gramor. Slated for completion in spring 2015, Kruse Village is located along Kruse Way near the intersection of Meadows Drive and Carmen Drive, and will include six buildings totaling 62,000 SF with 250

parking spaces. The development is viewed as an amenity to the Kruse Way office corridor as well as residents in the surrounding neighborhoods.

Overall, the City of West Linn is well served by a variety of retail store groups. However, given the high level of household income, West Linn has a much higher level of retail demand than supply. As indicated below in Exhibit 19, and detailed in Appendix B, West Linn has a significant gap in retail supply within the general retail trade and food & drink categories. Capturing a share of the retail outflow for food and drink could be achieved through redevelopment and “infill development” on parcels less than 1 acre. Capturing a significant amount of the general retail trade sales leakage from West Linn may require larger sites (typically 10+ acres) to accommodate a neighborhood shopping center with a large anchor tenant such as a Fred Meyer or a New Seasons.

Exhibit 19: Retail Trade Gap in West Linn

Store Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap
Total Retail Trade and Food & Drink	\$412,232,204	\$204,713,166	\$207,519,038
Retail Trade	\$371,398,913	\$177,338,094	\$194,060,819
Food & Drink	\$40,833,291	\$27,375,072	\$13,458,219

Source: ESRI Marketplace Profile Report, 2013.
Compiled by FCS Group.

Hospitality Market Constraints

There are no major hotels located in West Linn at this time. The potential for new lodging development in West Linn will depend on prospective site location(s), growth in local visitation, business activity and group demand, such as weddings and local events.

It is unlikely business activity will push development for a new hotel in West Linn. Currently, there is little Class A office or major corporate operations and the overall employment growth of 1.5% annually over the next 20 years does not show indications that business activity that will lead to a hotel. Hence, the potential demand for a new hotel would be primarily derived by visitors and group segments.

According to Oregon Tourism Division data, visitor spending on accommodations (including hotels and motels) has increased by 3.6% annually between 2004-2013 (Exhibit 20).

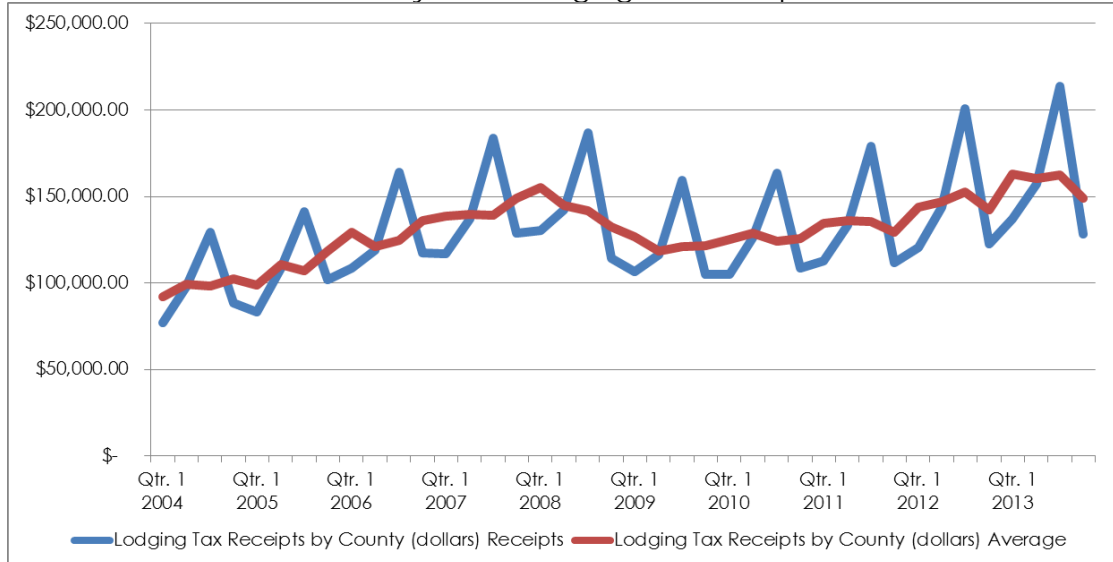
Exhibit 20: Visitor Spending by Commodity Purchased (millions)

	2004	2006	2008	2010	2011	2012	2013 Prelim.	CAGR
Accommodations	\$53.3	\$66.4	\$71.0	\$61.6	\$64.0	\$68.7	\$73.2	3.6%
Food Services	\$113.2	\$124.6	\$126.4	\$126.2	\$124.1	\$130.3	\$131.5	1.7%
Food Stores	\$31.3	\$32.1	\$34.7	\$32.7	\$22.6	\$33.9	\$33.7	0.8%
Local Tran. & Gas	\$41.7	\$53.0	\$60.1	\$51.8	\$56.5	\$57.7	\$55.6	3.2%
Arts, Ent. & Rec.	\$51.3	\$53.3	\$51.1	\$48.1	\$46.7	\$47.8	\$47.3	-0.9%
Retail Sales	\$95.7	\$98.8	\$90.8	\$88.8	\$87.1	\$89.1	\$87.9	-0.9%
Total	\$386.5	\$428.2	\$434.2	\$409.2	\$400.9	\$427.4	\$429.2	1.2%

Source: Oregon Travel Impacts, April 2014, Dean Runyun. Spending adjusted to 2013 dollars.
Compiled by FCS Group.

Overall lodging receipt revenues within Clackamas County have been increasing an average annual rate of approximately 4.2% between 2004 and 2013 (Exhibit 21).

Exhibit 21: Clackamas County Hotel Lodging Tax Receipts



Source: Oregon Department of Revenue, Oregon's State Transient Lodging Tax Report.

Opportunities and Constraints Analysis

The City of West Linn has an estimated 1,000 businesses currently, of which a significant amount is small home-based businesses. The leading employment sectors within the City of West Linn include:

- Commercial retail and miscellaneous services
- Business and professional services
- Education
- Health care services

Preliminary opportunities and constraints to attracting future businesses to West Linn are summarized below.

Opportunities

- Growing local population with relatively high income and education levels
- Excellent schools and housing options for families
- Proximity/visibility to I-205
- Historic city character, especially within the Old Willamette neighborhood
- Supply of available/vacant office and retail space ready to accommodate new small and medium tenants
- Excellent local and regional transit service provided by TriMet
- Adequate water and sewer capacity

Constraints

- Limited employment land availability, especially sites over 5 acres in size
- Limited established class A office locations
- Site topography challenges
- Rent levels for office and retail may not currently support structured parking facilities

Target Business Clusters

The business cluster analysis summarized in Exhibit 22 identifies existing business clusters within the City of West Linn by size (employment) and expected job growth potential. Each cluster has been analyzed by their North American Industrial Classification System (NAICS) code to determine their location quotient (LQ). An LQ represents the present propensity of a particular cluster to locate in West Linn. A cluster with an LQ greater than 1.0 has a relatively high propensity to locate in West Linn, which a cluster with an LQ lower than 1.0 has a relatively low propensity to locate in West Linn (based on 2012 market conditions).

The clusters analysis classifies the existing business sectors in West Linn area into four general categories:

I. Industry Sectors with Large LQ/High Growth Potential (“Stars”)

- Professional, Scientific and Technical Services
- Construction
- Administration and Support Services (private and non-profits)
- Public Administration
- Leisure and Hospitality (includes restaurants)
- Retail Trade

II. Industry Sectors with Small LQ/High Growth Potential (“Emerging”)

- Natural Resources (agriculture, fishing, etc.)

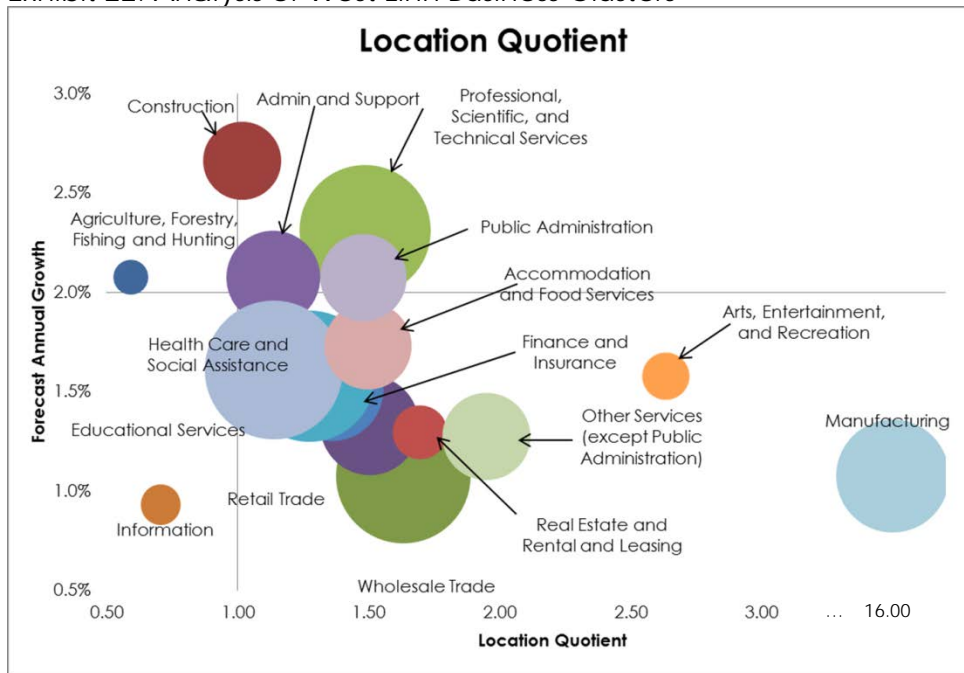
III. Industry Sectors with Large LQ/Low Growth Potential (“Mature”)

- Finance and Insurance
- Health Care
- Retail
- Accommodations and Food
- Wholesale Trade
- Real Estate
- Arts, Entertainment and Recreation
- Manufacturing (paper)
- Other Services

IV. Industry Sectors with Small LQ/Low Growth Potential (“Challenged”)

- Information

Exhibit 22: Analysis of West Linn Business Clusters



Source: FCS Group, utilizing Oregon Employment Department data.

In addition to evaluating existing *local* business clusters, West Linn may also consider the expected *regional* growth in business sectors and emerging clusters. According to the Oregon Employment Department, the job sectors with the highest potential for new growth in the greater Portland metropolitan region include: health care, hotel/motel accommodations & food services, business administration & waste management, professional, scientific & technical service (such as computer science and engineering), state & local government, wholesale trade, finance & insurance, retail trade, and transportation & utilities (includes warehousing, distribution & energy research and private utilities).⁴

Focused marketing and business recruitment efforts are being made by the State of Oregon and regional economic development stakeholders to attract certain established and emerging business clusters. The business and industry clusters that are currently being targeted by the Oregon Business Development Department, Portland Business Alliance and the Portland Development Commission include advanced manufacturing, clean technology (with sustainability sub-clusters in green building, solar & wind power), active wear/outdoor gear, and software.

⁴ These emerging business clusters are documented in the regional WIRED (Workforce Innovation and Regional Economic Development), Global Development Strategy, prepared by FCS Group et.al, 2008.

Recommended Business Clusters

In light of these findings, we recommend that West Linn focus on retaining and attracting a mix of existing and emerging business clusters that pay above average wages. This includes a mix of existing established and emerging clusters, such as:

- Health Services (e.g., medical offices and ambulatory care center)
- Professional and Business services (finance, insurance, engineering, etc.)
- Accommodations, such as hotel(s) and bed and breakfast(s)
- Recreation/sports (could include major community sports complex that attracts regional and state competitive sporting events)
- Light industrial/flex (with mix of commercial, arts and boutique manufacturing operations)
- Home-based occupations

An evaluation of the development/building types by potential use was conducted to take into account overall market support, revenue generation, and job generation potential for the City of West Linn.

Exhibit 23: Potential Target Development Types

Potential Development / Building Types	Market Potential	Potential Revenue Generation for West Linn	Potential Job Creation	West Linn Target Market
Lodging	●	●	●	☑
Specialized Retail	●	●	●	☑
Grocery Store	●	●	●	☐
Restaurants	●	●	●	☑
Micro Brewery	●	●	●	☑
Office (Class A)	●	●	●	☑
Medical Office	●	●	●	☑
Light Industrial/Flex	●	●	●	☑
General Industrial	●	●	●	☐
Assisted Living	●	●	○	☑
Recreation / Sports Complex	●	●	●	☑

Legend: Good: ● Fair: ● Poor: ○

Site Suitability Analysis (Land Need)

West Linn Employment Growth Forecasts

Metro has prepared forecasts for households and employment for all local jurisdictions in the Metro Urban Growth Planning Area. The most recently adopted Metro growth forecasts are referred to as the MetroScope Gamma model, and include a forecast period from 2010 to 2040. We interpolated the Metro forecasts to years 2015 and 2035 using Metro’s forecasted growth rate from 2010-2035. As indicated in Exhibit 24, the 2015 to 2035 forecasts anticipate that West Linn will add jobs over the 20-year forecast period. Two employment growth forecast scenarios were formulated for the West Linn EOA:

Scenario A: Assumes that the Metro 20-year employment forecast for West Linn is realized using an employment mix that resembles what exists in West Linn currently.

Scenario B: Assumes that the Metro 20-year employment forecast for West Linn is realized using an employment mix that trends less towards industrial and government/education job growth and more towards retail and office jobs.

Both job growth scenarios are assumed to utilize available vacant buildings and require a moderate level of redevelopment. Detailed assumptions are provided in Appendix C.

Exhibit 24: West Linn Employment Growth Scenarios, 2015 to 2035

Land Use Classification	Scenario A	Scenario B
Retail Trades	460	550
Services (office or home based)	916	1,162
Industrial/Other	289	40
Government/Education	237	150
Total	1,902	1,902

Source: Metro 2035 Gamma forecast for West Linn and scenario assumptions stated above.

Vacant and Redevelopment Land Needs

In accordance with Oregon Administrative Rule (OAR) 660-009-0025, an analysis of 20-year land needs for employment growth in the West Linn is required along with attention to unique site needs based on the identified employment types.

Building Floor Area Space Needs Analysis

Prior to estimating the amount of vacant land area needed to accommodate future employment growth, our team considered several local factors that can influence where businesses choose to locate their operations. These factors include assumptions regarding:

- Amount of existing available vacant building space currently on the market (“redevelopment infill” or “refill”);
- Ability for existing businesses to hire new workers within existing operations (also refill);
- Potential areas/sites that would be likely to accommodate commercial or office redevelopment where existing single-level buildings are replaced by new multi-level single purpose or mixed-use buildings
- Level of home-based employment for general categories, including retail, service and industrial/other occupations
- Assumptions regarding the type of general building requirements that are desired by retail, service, industrial/other, and public/institutional employers.

We assume that about 15% of the new jobs will be in home-based occupations and not require new employment land or buildings, and 11% of the jobs will be accommodated through refill. The resulting findings indicate approximately 643,000-721,000 square feet of building floor area will be required to accommodate 1,902 jobs. We estimate that approximately 81,000 to 87,000 SF could be accommodated through refill on about eight (8) acres of land. Approximately 562,000 to 634,000 SF would be developed on vacant lands (Exhibit 25).

The West Linn employment growth scenarios and land needs will be refined, once the existing buildable land supply and economic development objectives are fully evaluated.

Exhibit 25: West Linn Building Floor Area Needs, 2015 to 2035

Required Building Floor Area for Redevelopment and Refill Needs						
	Office	Institutional	Flex/Bus. Park	Gen. Industrial	Retail	Total
Scenario A	34,000	9,000	7,000	4,000	27,000	81,000
Scenario B	43,000	8,000	2,000	1,000	33,000	87,000

Required Building Floor Area for Vacant Land						
	Office	Institutional	Flex/Bus. Park	Gen. Industrial	Retail	Total
Scenario A	103,000	174,000	136,000	16,000	205,000	634,000
Scenario B	128,000	143,000	40,000	2,000	249,000	562,000

Source: FCS GROUP.

Overall Employment Land Need Requirements

After accounting for the level of expected redevelopment activity, the amount of vacant land demand in West Linn for employment uses over the next 20-years is expected to range from 45 to 52 acres. Preliminary estimates for vacant lands needs in West Linn by general building type are provided in Exhibit 26.

Exhibit 26: Vacant Land Needs by General Land Use Classification, West Linn, 2035 Forecast (buildable acres)

Land Use Classification	Scenario A	Scenario B
Commercial/Retail/Office	25	27
Mixed Use	4	5
Institutional	12	10
Industrial	11	3
Total	52	45

Assumptions by FCS Group based on Metro Urban Growth Report assumptions and local observations.

Inventory of Suitable Sites (Land Supply)

Buildable Land Inventory Methodology

In accordance with OAR 660-009-0015(3) and OAR 660-009-0025(3)(a)(C), the existing supply of buildable employment zoned land within the West Linn Urban Service Boundary (USB) was inventoried and evaluated as part of the EOA. The West Linn EOA includes a recent buildable land inventory completed by the City of West Linn Planning Department staff using Geographic Information Systems (GIS) data that is consistent with current land use development characteristics, as of July 1, 2014.

The West Linn buildable land inventory (BLI) uses a methodology suggested by *Industrial and Other Employment Lands Guidebook* produced by the Oregon Department of Land Conservation and Development (DLCD). The steps used in this methodology have been followed to the greatest extent possible, given the data available for the City of West Linn.

West Linn's BLI is comprised of existing vacant and partially vacant (sub-dividable) tax lots zoned for employment uses within the West Linn USB. Employment zoning classifications include commercial, mixed-use and industrial zones. The City has four zones that account for a wide variety of commercial and mixed-uses and two zones that accommodate industrial uses. Please refer to Appendix D for an overview of each of the City's zone classifications. Tax lots of less than ½ acre are considered unsuitable for new development for the purposes of this analysis. All significant environmental constraints are deducted from gross vacant land area to estimate buildable land area, including waterways, wetlands, riparian buffers, slopes of more than 25 percent and other known site development constraints identified by City staff. Appendix E includes maps illustrating natural hazards and how environmental constraints impact buildable employment lands.

An additional infrastructure analysis was conducted by the City's planning and engineering staff to ascertain known infrastructure conditions and related capacity constraints (if any) to providing adequate transportation, water, sewer, and stormwater requirements associated with future development. In accordance with OAR 660-009-025(3)(a)(C), City staff also provided estimated time frames and preliminary capital cost estimates for planned infrastructure improvements.

Vacant and Redevelopment Land Supply

Vacant and Partially Vacant Supply

The vacant and partially vacant land inventory for the West Linn USB includes 14 tax lots totaling 20.55 acres of buildable vacant land after accounting for a variety of environmental constraints including steep slopes and the Willamette River floodplain. Approximately 14.5 acres of land on seven lots is zoned for commercial use, accounting for about 70% of the vacant supply. Another 1.31 acres is designated for mixed commercial and residential uses. The vacant industrial land supply, comprised of approximately 4.71 acres on five lots, makes up about 23% of the overall inventory. Less than one acre of the industrial supply is zoned as Campus Industrial, which can accommodate institutional uses.

West Linn's vacant land supply primarily consists of small (less than one acre) tax lots and tax lots between one and five acres in size. As indicated in Exhibit 27, the tax lots of less than five acres in size comprise approximately 15 acres or about 75% of the total vacant land supply. Only one tax lot in the inventory, a 5.5-acre commercial parcel, is larger than five acres. Appendix E includes a map depicting the vacant and partially vacant buildable land supply. This parcel, at the intersection of Blankenship and Tannler roads, is adjacent to two other parcels of 1.3 and 2.0 buildable acres respectively that have one owner and can be assembled into one parcel of approximately 8.3 buildable acres (11.0 gross acres).

Exhibit 27. Vacant and Partially Vacant Parcels, West Linn USB (Net Acres)

	Vacant and Partially Vacant Property									
	< 1 acre		1 to 5 acres		5 to 10 acres		> 10 acres		Total	
	Lots	Acres	Lots	Acres	Lots	Acres	Lots	Acres	Lots	Acres
Commercial	3	0.92	3	8.05	1	5.55	0	0.00	7	14.52
Mixed Use	2	1.31	0	0.00	0	0.00	0	0.00	2	1.31
Industrial	3	1.46	2	3.26	0	0.00	0	0.00	5	4.72
Total	8	3.69	5	11.31	1	5.55	0	0.00	14	20.55

Source: Cogan Owens Greene, LLC.

Redevelopable/Refill Supply

In light of the importance of redevelopment to West Linn’s ability to grow and diversify its economic base, we evaluated the relative level of redevelopment potential for each developed tax lot in the West Linn USB. While this is not a stated requirement within OAR 660, Division 9, it is considered an important factor in deciding which land use growth scenario to target. The analysis of redevelopment opportunities is based on the ratio of assessed improvement value to land value for each tax lot using Metro RLIS data. The results provided in Exhibit 29 indicate that there is approximately 26.7 acres of redevelopable land on 32 tax lots. Eighteen of these totaling 15.3 acres have high redevelopment potential and 14 totaling 11.37 acres have moderate redevelopment potential. Approximately 18.5 acres are zoned for commercial use, 6.8 acres for industrial and 1.34 acres for mixed uses. Appendix E also includes a map depicting redevelopable employment lands.

Exhibit 29. Analysis of Redevelopment Tax Lots by General Land Use Zone Classification, West Linn USB (Net Acres)

City of West Linn Redevelopable Potential (Improvement to Land Value)*						
	High (< 0.50)		Moderate (0.50 to 1.00)		Total	
	Lots	Acres	Lots	Acres	Lots	Acres
Commercial	14	10.04	8	8.49	22	18.53
Mixed Use	1	0.25	4	1.09	5	1.34
Industrial	3	5.01	2	1.79	5	6.80
Total	18	15.30	14	11.37	32	26.67

Notes: * Improvement to Land Value calculated from Metro RLIS data.

Source: Cogan Owens Greene, LLC

Short-Term Employment Land Inventory

In addition to the long-term land supply, OAR 660-009-0005 also requires the identification of a short-term supply of land meaning “suitable land that is ready for construction within one year of an application of a building permit or request for a service extension.” OAR 660-009-0025 also requires that cities must provide “at least 25 percent of the total land supply within the urban service boundary designated for employment uses as short-term supply.” For EOA planning purposes, the “short-term” is defined as a period of less than five years from EOA adoption.

Commercial and industrial properties in the employment land inventory appear to clearly meet the statutory requirements for short-term land supply, as all of the long-term land supply can be classified as short-term as well as long-term supply. Industrial and commercial properties appear to be well served with adequate infrastructure.

Employment on Residential Lands

Assisted Living Facilities

Residential homes or assisted living facilities provide residential care alone or conjunction with treatment for unrelated individuals and are an important job generator. Assisted living facilities are permitted in all of West Linn’s residential zones and are addressed in greater detail in Goal 10 (Housing) of the City’s Comprehensive Plan.

Home Occupations

Home occupations are an important source of jobs in West Linn. One of the City’s existing economic development policies is to “promote home occupations by developing and implementing supportive zoning and building codes and services and other regulations; that are compatible with surrounding neighborhoods.” Business license data for 2014 indicates that 424 or 47% of West Linn’s businesses are home-based. Most of them are located outside the city limits. West Linn’s development code includes provisions to accommodate home occupations in residential zones as a means of providing convenient employment opportunities and decreasing the dependence on the auto. Development standards assure that home occupations will be compatible and consistent with the residential uses, and will not have a detrimental effect on neighboring properties. Home occupations are addressed in greater detail in Goal 10 (Housing) of the City’s Comprehensive Plan.

Long-Term Employment Land Inventory

The following plans and issues may add to the City’s employment land inventory in the next 20 years.

Arch Bridge-Bolton Concept Plan

The City of West Linn recently adopted the Arch Bridge-Bolton Concept Plan, though specific zoning and development standard changes have not been proposed. The Concept Plan reflects multiple interests and suggests a set of directions and implementing actions that could be carried out over the next ten to twenty years. The following policy recommendations pertain to the long term employment land supply in the Arch Bridge-Bolton Area:

Encourage multistory, mixed-use development in the core with higher-density residential.

It is recommended that the core area, flanking Willamette Drive and the Broadway right of way be an appropriate location for buildings that are up to 6 stories in height (up to 75 feet) and contain a mixture of uses. In some cases this would be office over retail and in others residential over retail space. The retail space need not occupy the entire first level, but mainly abut the main street with an interior depth of 20 to 60 feet, depending on location. The intent is to create a lively, active main street, approximately 3-4 blocks in length. Much of this could be accomplished with restaurants and personal services.

The plan suggests that area could accommodate as many as 350 dwellings units, approximately 30,000 square feet of office space and up to 20,000 square feet of retail and restaurants over time. In addition, a hotel of up to 100 rooms could be accommodated. Parking for the hotel and rental housing would be provided by the central, shared parking garage. Condominiums and office development would likely provide their own secured and dedicated parking to satisfy lending practices.

Encourage limited redevelopment in the longer term, including townhouses and small areas of 2-3 story mixed-use development near Highway 43.

There are several sites in this area that could, over time, be redeveloped into multistory mixed use. One is the site of the current post office. Postal service offices are changing dramatically all over the country. Some are closing, others are consolidating, and still others are compacting down to small service counters. Changes in the form and processing of mail means post offices no longer occupy the same building types that they used to; many post offices can do well in small retail spaces.

Two other sites that could transform over time are the gas stations that flank both sides of Willamette Drive. These are older stations, although they continue to serve a function. However, gas stations are also closing, often due to environmental regulations. It is entirely possible that one or both of these sites might be available for redevelopment over the next 10 to 15 years. Whether they are most appropriate for housing or commercial use will be determined by changes in the marketplace.

Finally, there are a small number of locations with outdated commercial zoning that may be better used for other types of development, such as mixed use.

Floodplain Properties

The West Linn employment land inventory includes approximately 116 acres that lie within the Willamette River floodplain, a portion of which may otherwise be feasible for employment uses. Specifically, the City is interested in pursuing long-term plans to develop recreational facilities on floodplain-constrained sites, such as a sports complex or center for water-based activities. Certain types of institutional uses, such as public education centers, may also be appropriate in these areas.

ODOT I-205 Maintenance Parcel

The Oregon Department of Transportation (ODOT) owns approximately 47 acres as part of the I-205 right-of-way along West Linn's southern border that it uses for maintenance equipment storage. In recent discussions, ODOT officials have indicated a desire to retain the parcel indefinitely. The City of West Linn intends to continue discussions with ODOT to realize the full potential of the I-205 land.

Assessment of Potential (Reconciliation of Demand and Supply)

Industrial and Institutional Land and Need and Parcel Requirements

As indicated in Exhibit 27, the City's preferred Scenario B estimates a demand of three (3) acres of net new industrial vacant land and 10 acres of institutional land for a total of 13 acres of demand. With a vacant industrial and institutional land supply of 4.7, the City has a deficit of 8.3 acres. However, this need may be addressed, at least in part, by the 6.8 acres of redevelopable industrial and institutional land.

Commercial and Mixed Use Land Need and Parcel Requirements

As indicated in Exhibit 27, the City's preferred Scenario B estimates a demand for 27 acres of net new commercial vacant land and five (5) acres of vacant mixed use land, for a total demand of 32 acres. With a vacant commercial and mixed use land supply of 15.8 acres, the City has a deficit of 16.2 acres to meet the expected level of commercial job growth for West Linn. However, this need may be addressed by the surplus of more than 19 acres of redevelopable commercial and mixed use land.

Goals and Implementation Policies

The following goals and implementation policies were developed in coordination with the West Linn Economic Development Committee:

Goal 1. Encourage the recruitment, retention, expansion and economic viability of West Linn business and industry.

- Policy 1. Recruit and encourage businesses, particularly those that provide family-wage jobs to locate in West Linn.
- Policy 2. Encourage the economic vitality of the City's existing commercial areas.
- Policy 3. Promote home occupations by developing and implementing supportive zoning and building codes and services and other regulations.
- Policy 4. Encourage West Linn employers, including the City, to offer the option to telecommute (i.e., work from home).
- Policy 5. Adopt City regulations that are predictable, easy to understand and contain standards that can be uniformly applied.

- Policy 6. Encourage economic development through streamlined permitting processes and development fees.
- Policy 7. Work with the Chamber of Commerce, business community, and other agencies and organizations, to meet the economic needs of West Linn.
- Policy 8. Coordinate with Tri-Met, Metro, Oregon Department of Economic Development, and other organizations in economic development planning and implementation efforts.
- Policy 9. Pursue Comprehensive Plan and Community Development Code changes to implement the objectives and principles of the *Arch Bridge/Bolton Concept Plan*.
- Policy 10. Consider incentives such as reduced system development charges (SDCs) and shared parking districts to encourage commercial and mixed-use development.

Goal 2. Support retail businesses that enhance the community and provide wanted goods and services.

- Policy 1. Support efforts and programs that promote tourism in the City.
- Policy 2. Enhance recreation based tourism in the City focused on parcels constrained by the Willamette River floodplain or other environmental constraints.
- Policy 3. Work with interested property owners to accommodate and to attract new hotel.

Goal 3. Promote the efficient use of commercial and industrial land adequate to serve a range of employment opportunities in the City.

- Policy 1. Preserve employment (commercial and industrial) land to ensure an appropriate mix of uses and jobs-housing balance.
- Policy 2. Inventory and maintain a list of vacant and redevelopable sites for new or expanding businesses.
- Policy 3. Ensure the City has adequate public facilities and infrastructure to support economic activities. Maximize the use of regional, state, and federal funding for infrastructure planning and development. Work with ODOT to realize the full potential of the I-205 maintenance parcel.

Appendix A. Outreach Summary

The City of West Linn is conducting an economic opportunities analysis (EOA). The EOA will serve as a basis for the City to help make West Linn a more economically viable community while maintaining a good quality of life for residents, businesses, and workers. By creating this EOA, City staff will address state requirements to periodically review and update:

- West Linn’s vision for strengthening its economy through the adoption of policies that include community economic development objectives.
- Urban growth requirements (land needs) for providing an adequate land needed to accommodate 20-year employment growth forecasts.

The City is engaging community members in a variety of ways to help develop this updated vision and associated community economic development objectives. The Cogan Owens Cogan consultant team conducted interviews with six (6) officials and economic development experts to help assess current and future economic development needs and issues as part of their economic development comprehensive plan update. In addition, 87 community members responded to an online questionnaire to share their ideas about future economic development and employment in West Linn. This report is a summary of stakeholder interview and community questionnaire results.

Summary of Six Stakeholder Interviews

1. What is West Linn’s market advantage in the State of Oregon and Metro Region with regard to attracting population and jobs? What do you feel are its greatest assets today?

Benefits

- Good commercial core near 10th St. and Robinwood.
- Livability, quiet bedroom community, good schools, nice parks/access to Willamette River.
- Nice historic core in Old Willamette District.
- Paper industry, home-based businesses, small retail operations, large pool of professionals.
- Proximity to Portland.

Challenges

- Competition from suburban office markets such as Kruse Way and campuses off of I-205 in Clackamas.
- Lack of affordable and “workforce” housing.
- Not a lot of vacant commercial land.
- Need to diversify with professional and business services. Not likely to attract traditional industrial businesses.

Opportunities

- Incentives such as improvement grants and tax breaks to make West Linn a more attractive office market, especially where I-205 runs through the city.
- Mixed-use housing and commercial retail. Great opportunity to redevelop Highway 43 corridor with mix of office, commercial and housing.
- More office uses after Kruse Way builds out over the long term.

2. From the list below, please identify West Linn’s primary strengths as a place to do business?

Stakeholders agree unanimously that the quality of life in West Linn is its primary strength as a place to do business. Interviewees also agree that the general business climate in West Linn is good, thanks to dedicated staff and elected officials. Public infrastructure, other than a lack of public transportation, is also seen as a strength. While there is not much vacant land available for new commercial or industrial development, there is quite a bit of redevelopment potential. Stakeholders vary in their assessment of West Linn’s access to local markets and customers as well as the I-5 corridor, with responses ranging from “excellent” to “poor.” Stakeholders also disagree about the quality of West Linn’s workforce. Those citing an “excellent” workforce referred to the high level of education. Those rating it as “poor” mention lower wage employees commuting from other parts of the region due to a lack of affordable housing in West Linn. Stakeholders indicate there is little in the way of business clusters or interaction among firms in the same and/or related industries in West Linn.

3. What can West Linn do in terms of local actions that can complement the regional and state economy?

- Consider incentives and varying system development charges (SDCs) for strategic non-residential development.
- Identify and attract businesses that enhance community and livability.
- Nothing specific, but consider some incentives to tip the scale for the office market a bit.
- Tax, SDC breaks and reduction of “red tape” as it relates to new development.

4. What are the best opportunities for economic development, in terms of specific sites or redevelopment areas? Number of mentions sited in parenthesis.

- Arch Bridge area (2)
- Savannah Oaks (2)
- Tannler/Blankenship (2)
- Across from Albertsons
- School district properties
- Urban growth boundary expansion, Borland Road
- Best property would be if paper mill closed
- Settling pond area owned by City
- A few small nodes, and redevelopment corridors and Bolton District
- Potential for retail development adjacent to I-205

5. What business clusters exist or should exist in West Linn? What can the City do to build and strengthen these clusters?

- Medical industry: dental offices, chiropractors, internal medicine, etc. (3)
- Assisted living/health care (2)
- Professional business services (2)
- Activity around river to draw in people
- Boutique retail
- Hi-tech, have class A office space
- Home-based businesses, incubation, start ups
- Paper mill

6. What actions should be taken by the City to create a more balanced and sustainable community?

- Establish partnerships to provide workforce training and support for small businesses
- Identify redevelopment areas/sites where employment can be attracted.
- Include affordable housing in order to facilitate a more sustainable economy.
- Give home-based businesses somewhere to grow.
- Preserve lands for intended employment uses and protect them for jobs (limit housing).
- Study expanding into the Borland area long term.
- Target desired strategic businesses and market towards attracting them.

7. Is there anything else you'd like to add?

- Bring entrepreneurs together to help them collaborate.
- Capitalize on Willamette Falls development and access to river with support services for tourists and boaters; explore opportunities to reopen the locks.
- Market to/recruit desired businesses.
- Partner with Chamber of Commerce and other organizations.

Community Questionnaire

1. Indicate your support for West Linn's current Economic Development Goals. Responses from nearly 90 community members follow.

Goal	Do not support	Somewhat support	Support	Strongly support	Average rating
Encourage businesses that enhance the community; provide wanted goods and services; and pay living wages. Small, locally-owned businesses with strong ties to the community are especially desired.	3	5	22	52	3.50
Encourage the retention, expansion and economic viability of existing business and industry.	3	14	28	33	3.17
Make the most efficient use of our existing commercial and industrial lands.	5	11	26	34	3.17
Support telecommuting, home-based businesses compatible with residential neighborhoods and, in general, a higher jobs-to-housing ratio.	6	15	32	27	3.00
Retain, strengthen, and expand the City's existing business base.	4	19	30	27	3.00
Provide adequate commercial and industrial land for a range of employment opportunities in the City.	20	17	24	20	2.54

2. Identify West Linn’s strengths to build on and weaknesses to address as a place to do business.

Strength/Weakness	Major Weakness	Minor Weakness	Minor Strength	Major Strength	Average rating
Quality of life	0	1	13	64	3.81
Proximity to I-5 and other transportation corridors	3	8	25	41	3.35
Available, skilled workforce	2	12	24	32	3.23
Access to local markets and customers	4	18	41	13	2.83
Streamlined permitting processes	13	23	18	12	2.44
Interaction with firms in the same and/or related industries	7	31	26	3	2.37
General business climate	16	23	26	8	2.36
Public infrastructure (transportation, utilities, etc.)	17	28	25	9	2.33
Reasonable development fees	18	22	20	7	2.24
Available land and buildings for employment growth	19	31	19	5	2.14

3. What services are needed to complement existing businesses and help West Linn residents meet their daily needs?

- Restaurants (10)
- Market, bakery, coffee (8)
- Streets, traffic, circulation, parking (8)
- Gym/activity center with a pool (6)
- Hotel and hospitality (6)
- Walkability, sidewalks, paths (5)
- Clothing (4)
- Gas station, automotive services, car wash (4)
- Office supplies (4)
- Drug store (3)
- Entertainment: movie theater, bowling alley (3)
- Favorable tax incentives, reasonable permitting (3)
- Homewares, hardware, gardening (3)
- Public transit (3)
- Boutique, clothing, gifts (2)
- Educational services (2)
- Intra-urban shuttle (2)
- Sports complex (2)

4. What business clusters should we attract or grow in West Linn?

- Professional services: design, finance, education (8)
- Light/clean industry/manufacturing (5)
- Retail (5)
- Tourism/hospitality (4)

- Hi-tech (3)
- Start up (2)
- Government/administration offices (2)
- Home office based businesses (2)
- Medical (2)
- Storage facilities
- Aquaculture
- Large corporate campus
- Large retirement communities

5. What are the best opportunities for economic development, in terms of specific sites or redevelopment areas?

- Arch Bridge (17)
- Along Hwy 43 (11)
- Robinwood shopping plaza (5)
- Old Town Willamette (4)
- Market of Choice (4)
- I-205 corridor (3)
- Existing properties (3)
- Savannah Oaks (3)
- Willamette area (3)
- Albertsons shopping center (2)
- Downtown (2)
- Safeway/Tanner Creek Park area (3)
- Stafford (2)
- Ace Hardware shopping area
- Adjacent/behind post office
- Cascade Summit Plaza
- Corner of Hood and Burns
- Next to Key/Ameriprise are several parcels
- 5 Guys shopping center
- Tannler Drive
- West Linn Central Village

APPENDIX B. RETAIL DEMAND AND SUPPLY IN WEST LINN

Summary Demographics					
2014 Population	25,930				
2014 Households	9,912				
2014 Median Disposable Income	\$71,819				
2014 Per Capita Income	\$46,082				
Store Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/ Surplus Factor	Number of Businesses
Motor Vehicle & Parts Dealers	\$87,064,704	\$3,677,854	\$83,386,850	91.9	7
Automobile Dealers	\$73,310,089	\$2,094,074	\$71,216,015	94.4	1
Other Motor Vehicle Dealers	\$6,285,409	\$1,262,093	\$5,023,316	66.6	4
Auto Parts, Accessories & Tire Stores	\$7,469,206	\$321,687	\$7,147,519	91.7	2
Furniture & Home Furnishings Stores	\$10,291,615	\$2,104,101	\$8,187,514	66.1	9
Furniture Stores	\$5,533,033	\$933,963	\$4,599,070	71.1	3
Home Furnishings Stores	\$4,758,582	\$1,170,138	\$3,588,444	60.5	6
Electronics & Appliance Stores	\$12,621,484	\$2,110,641	\$10,510,843	71.3	3
Bldg Materials, Garden Equip. & Supply Stores	\$15,870,165	\$3,975,127	\$11,895,038	59.9	13
Bldg Material & Supplies Dealers	\$13,137,208	\$1,584,009	\$11,553,199	78.5	11
Lawn & Garden Equip & Supply Stores	\$2,732,957	\$2,391,118	\$341,839	6.7	2
Food & Beverage Stores	\$82,980,824	\$118,328,690	(\$35,347,866)	-17.6	26
Grocery Stores	\$77,049,421	\$113,453,073	(\$36,403,652)	-19.1	10
Specialty Food Stores	\$2,366,817	\$1,031,582	\$1,335,235	39.3	10
Beer, Wine & Liquor Stores	\$3,564,586	\$3,844,035	(\$279,449)	-3.8	6
Health & Personal Care Stores	\$26,688,629	\$27,788,682	(\$1,100,053)	-2.0	10
Gasoline Stations	\$36,152,010	\$28,369,828	\$7,782,182	12.1	12
Clothing & Clothing Accessories Stores	\$26,491,409	\$3,992,138	\$22,499,271	73.8	22
Clothing Stores	\$19,514,044	\$1,726,500	\$17,787,544	83.7	13
Shoe Stores	\$3,693,970	\$156,799	\$3,537,171	91.9	1
Jewelry, Luggage & Leather Goods Stores	\$3,283,395	\$2,108,839	\$1,174,556	21.8	8
Sporting Goods, Hobby, Book & Music Stores	\$11,743,976	\$3,326,755	\$8,417,221	55.9	24
Sporting Goods/Hobby/Musical Instr Stores	\$9,819,206	\$2,722,531	\$7,096,675	56.6	21
Book, Periodical & Music Stores	\$1,924,770	\$604,224	\$1,320,546	52.2	3
General Merchandise Stores	\$75,103,389	\$239,835	\$74,863,554	99.4	1
Department Stores Excluding Leased Depts.	\$31,525,262	\$0	\$31,525,262	100.0	0
Other General Merchandise Stores	\$43,578,127	\$239,835	\$43,338,292	98.9	1
Miscellaneous Store Retailers	\$14,768,769	\$3,772,320	\$10,996,449	59.3	45
Florists	\$520,326	\$600,554	(\$80,228)	-7.2	5
Office Supplies, Stationery & Gift Stores	\$4,636,482	\$875,328	\$3,761,154	68.2	17
Used Merchandise Stores	\$2,276,810	\$134,463	\$2,142,347	88.8	2
Other Miscellaneous Store Retailers	\$7,335,151	\$2,161,975	\$5,173,176	54.5	21
Nonstore Retailers	\$31,726,018	\$4,582,277	\$27,143,741	74.8	10
Electronic Shopping & Mail-Order Houses	\$27,517,808	\$4,229,463	\$23,288,345	73.4	4
Vending Machine Operators	\$538,576	\$0	\$538,576	100.0	0
Direct Selling Establishments	\$3,669,634	\$352,814	\$3,316,820	82.5	6
Food Services & Drinking Places	\$49,337,081	\$32,754,881	\$16,582,200	20.2	41
Full-Service Restaurants	\$20,709,863	\$20,329,660	\$380,203	0.9	18
Limited-Service Eating Places	\$21,896,105	\$10,695,736	\$11,200,369	34.4	16
Special Food Services	\$2,027,938	\$694,854	\$1,333,084	49.0	4
Drinking Places - Alcoholic Beverages	\$4,703,175	\$1,034,631	\$3,668,544	63.9	3

Source: ESRI Marketplace Profile Report

Appendix C. Employment Land Need Assumptions

West Linn Employment Sectors to Building Type Assignment Assumptions						
Employment Sectors	Building Types					
	Office	Institutional	Flex/Bus. Park	Gen. Industrial	Retail	Total
Retail	5%		10%	0%	85%	100%
Services	70%	10%	0%	0%	20%	100%
Industrial	0%	0%	90%	10%	0%	100%
Government/Education	10%	90%		0%		100%

Source: Metro Draft 2009-2030 Urban Growth Report; modified to reflect local observations.

Net New Employment Forecast by Building Type, Scenario A Forecast for 2035

	Office	Institutional	Flex/Bus. Park	Gen. Industrial	Retail	Total
Retail Trades	23	-	46	-	391	460
Services	641	92	-	-	183	916
Industrial	-	-	260	29	-	289
Government/Education	24	213	-	-	-	237
Total	688	305	306	29	574	1,902

Net New Employment Forecast by Building Type, Scenario B Forecast for 2035

	Office	Institutional	Flex/Bus. Park	Gen. Industrial	Retail	Total
Retail Trades	28	-	55	-	468	550
Services	814	116	-	-	232	1,162
Industrial	-	-	36	4	-	40
Government/Education	15	135	-	-	-	150
Total	856	251	91	4	700	1,902

Source: FCS GROUP based on Metro Urban Growth Report; modified to reflect local observations.

Building Type to Land Needs Assumptions*

	Office	Government/ Institutional	Flex/Bus. Park	Gen. Industrial	Retail
Refill/Redevelopment Job Allocation ¹	25%	5%	5%	20%	10%
Jobs Needing Vacant Allocation ²	75%	95%	95%	80%	75%
Building SF Per Job ²	250	600	550	700	500
Floor-Area-Ratio ²	0.40	0.30	0.30	0.25	0.30
Public Facility Net:Gross Adjustment	1.10	1.10	1.10	1.10	1.10
Work at Home Adjustment ⁴	0.20		0.15	-	0.05

* assumptions are intended to reflect a long-term average.

1/ Adjusts for building refill & vacancy allowances.

2/ Building density derived from Metro UGR assumptions.

3/ Allowances take into account land dedicated to public/utility easements.

4/ Allowance based on local business license data; and is generally consistent with national statistics by US Dept. of Labor, Bureau of of Labor Statistics, Technical information: "Work at Home in 2004".

Source: assumptions are generally consistent with the Metro Urban Growth Report; modified to reflect local observations.

Net New Redevelopment Building Space Needs (Floor Area) - 2035 Forecast

	Office	Institutional	Flex/Bus. Park	Gen. Industrial	Retail	Total
Scenario A	34,000	9,000	7,000	4,000	27,000	81,000
Scenario B	43,000	8,000	2,000	1,000	33,000	87,000

Net New Building Floor Area Development on Vacant Lands (Floor Area) - 2035 Forecast

	Office	Institutional	Flex/Bus. Park	Gen. Industrial	Retail	Total
Scenario A	103,000	174,000	136,000	16,000	205,000	634,000
Scenario B	128,000	143,000	40,000	2,000	249,000	562,000

Vacant Land Need (gross buildable acres) - 2035 Forecast

	Office	Institutional	Flex/Bus. Park	Gen. Industrial	Retail	Total
Scenario A	7	15	11	2	17	51
Scenario B	8	12	3	0	21	45

Building to Land Use Assignment Assumptions

Local Zoning Classification	Office	Institutional	Flex/Bus. Park	Gen. Industrial	Retail
Commercial/Office	90%	20%	20%	0%	80%
Mixed Use	10%	0%	0%	0%	20%
Institutional	0%	80%	0%	0%	0%
Industrial	0%	0%	80%	100%	0%
Total	100%	100%	100%	100%	100%

Assumptions by FCS GROUP and City of Lake Oswego planning staff based on local observations.

Vacant Land Demand by Zoning Classification, West Linn USB (with current zoning regulations), 2035 Forecast

Land Use Classification	Scenario A	Scenario B
Commercial/Office	25	27
Mixed Use	4	5
Institutional	12	10
Industrial	11	3
Total	51	45

Assumptions by FCS GROUP based on above listed assumptions and local observations.

Appendix D: Summary of West Linn Employment Zones

The following is an overview of employment lands and zones for the City of West Linn. A general description of each zone is provided along with common and specific development standards when applicable.

Commercial Zones

Neighborhood Commercial (NC)

Provide for convenience goods and services within a cluster of stores. Convenience goods are goods which are bought frequently, at least weekly, and for which people do not engage in comparison shopping. The range of uses is limited to those uses which can be supported by a limited trade area. Uses in this district are intended to meet neighborhood needs as opposed to community-wide needs.

General Commercial (GC)

Provide for the concentration of major retail goods and services at centers. The intent is to provide for the provision of a variety of goods and services and for comparison shopping, to accommodate new businesses and employment opportunities, to promote a suitable mix of commercial uses, to contribute to community identity and to assure that the commercial development is scaled to blend with nearby residential areas, and that the residential areas are protected from noise, glare of lights, traffic congestion and other possible adverse effects.

Office Business Center (OBC)

Provide for groups of business and offices in centers, to accommodate the location of intermediate uses between residential districts and areas of more intense development, to provide opportunities for employment and for business and professional services in close proximity to residential neighborhoods and major transportation facilities, to expand the City's economic potential, to provide a range of compatible and supportive uses, and to locate office employment where it can support other commercial uses. The trade area will vary and may extend outside the community.

Industrial Zones

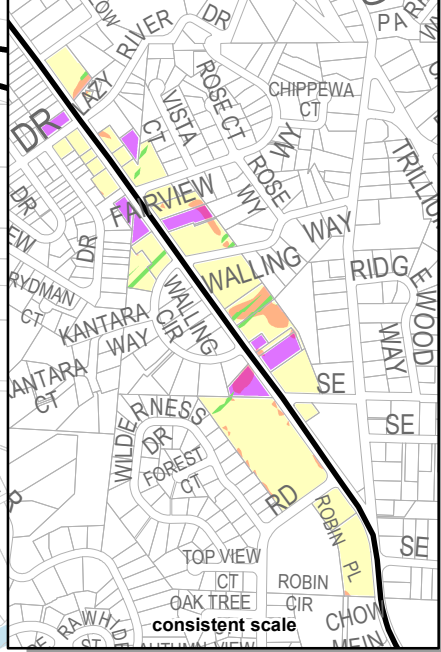
Campus Industrial (CI)

Provide a mix of clean, employee intensive industries, offices, and retail commercial uses which have no off-site impacts in terms of noise, odor, glare, lights, vibration, smoke, dust or other types of off-site impacts. The zone provides for combining parking, landscaping and other design features which physically and visually link structures and uses within one development.

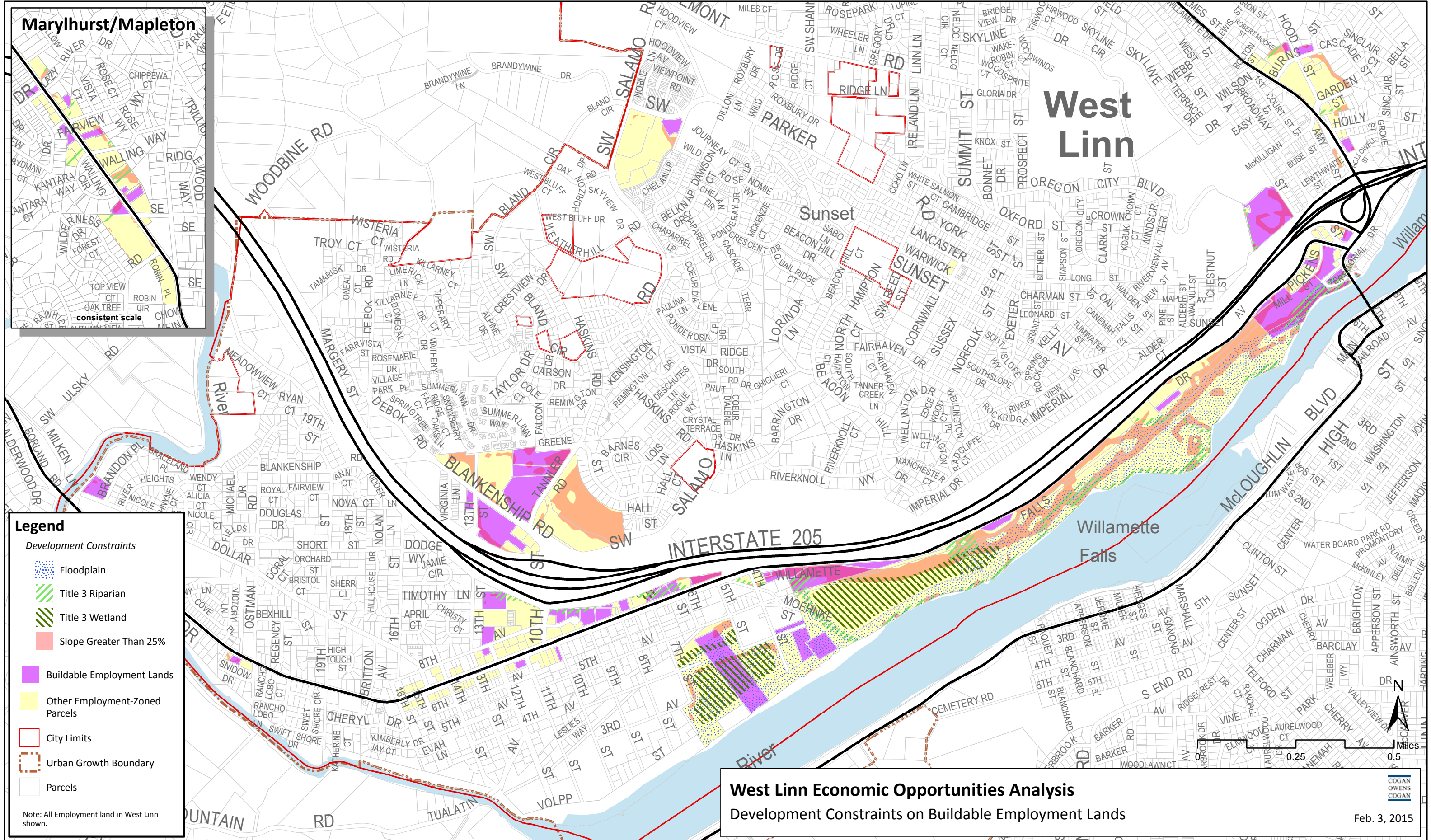
General Industrial

Provide for manufacturing, processing and assembling uses which are of a size and scale which makes them generally incompatible with other adjoining non-industrial uses. The uses included in this zone are generally characterized by large buildings and large storage areas and have off-site effects from smoke, odor, noise, dust, lights or other externalities.

Marylhurst/Mapleton



West Linn



Legend

Development Constraints

- Floodplain
- Title 3 Riparian
- Title 3 Wetland
- Slope Greater Than 25%

Buildable Employment Lands

- Buildable Employment Lands
- Other Employment-Zoned Parcels

City Limits

- City Limits
- Urban Growth Boundary
- Parcels

Note: All Employment land in West Linn shown.

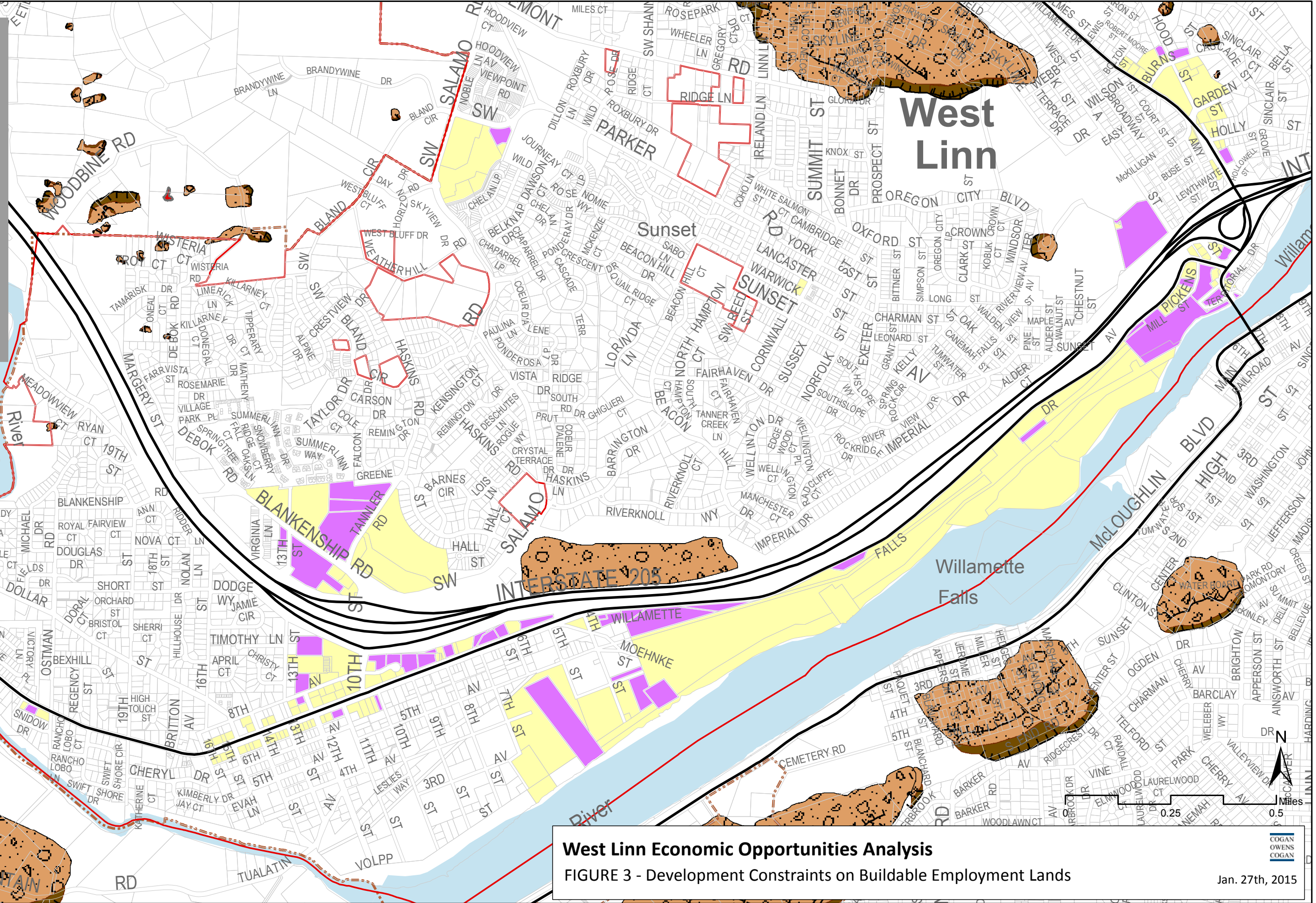
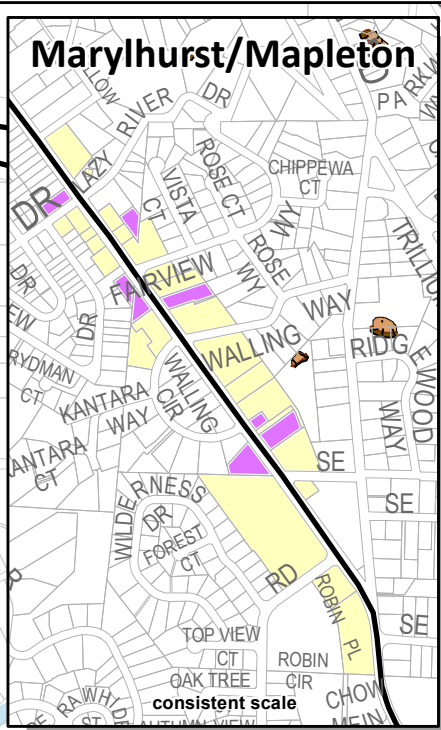
West Linn Economic Opportunities Analysis
 Development Constraints on Buildable Employment Lands

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Feb. 3, 2015



Marylhurst/Mapleton



Legend

Landslide Features*

- Scarp
- Head Scarp

Deposits*

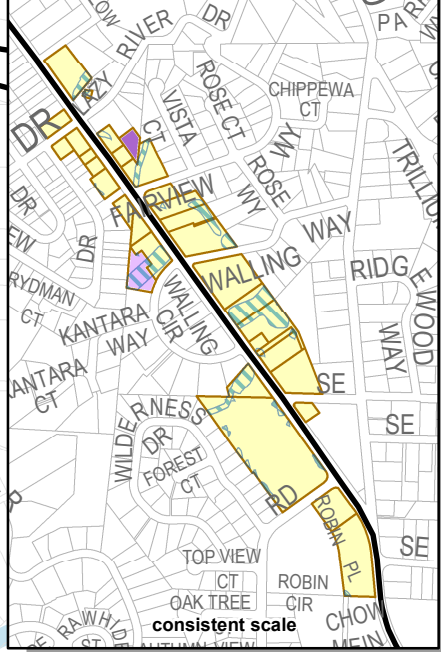
- Talus-Colluvium
- Fan
- Landslide

- Buildable Employment Lands
- Other Employment-Zoned Parcels
- City Limits
- Urban Growth Boundary
- Parcels

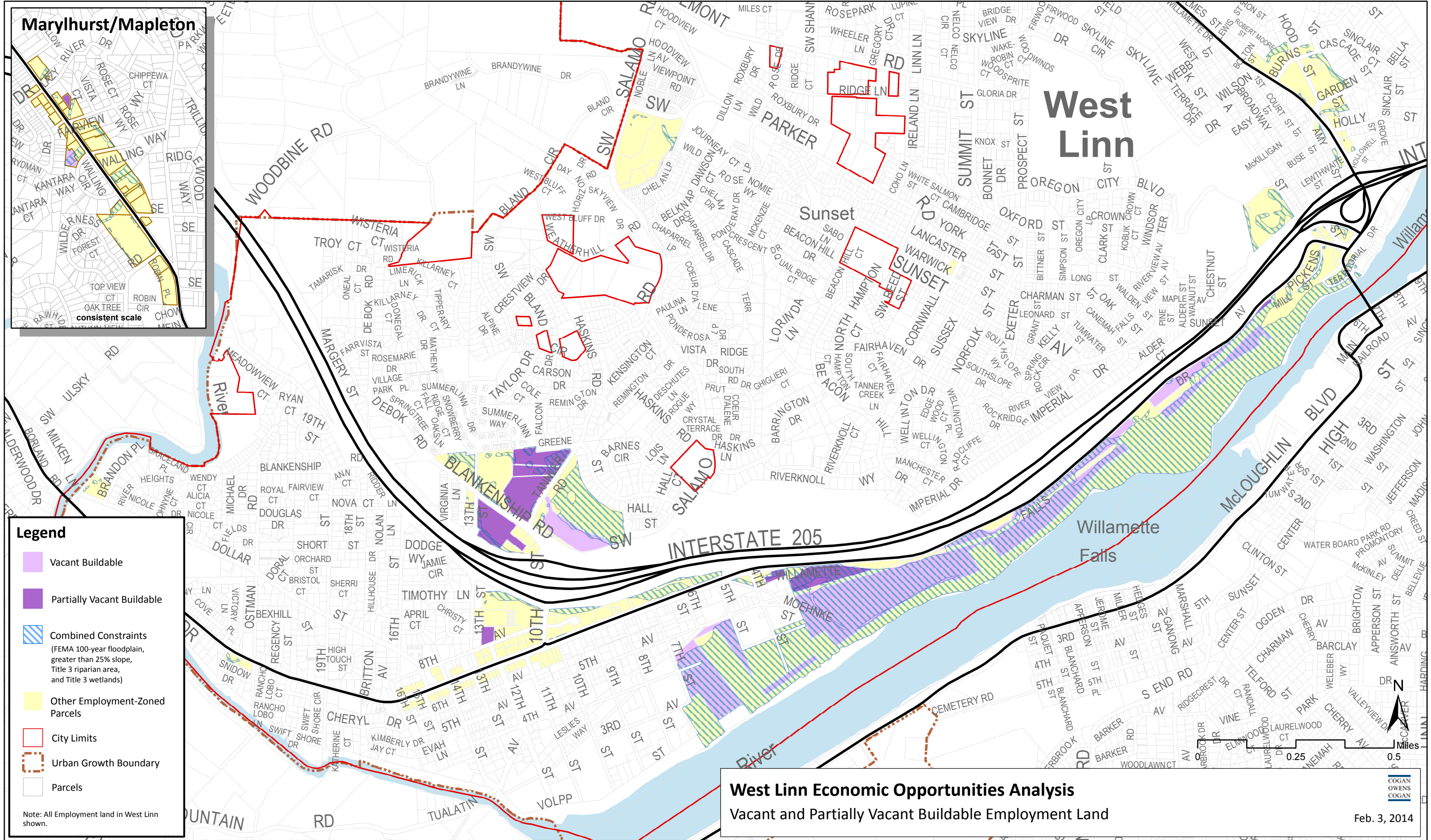
Note: All Employment land in West Linn shown.
 *Source: DOGAMI SLIDO (Statewide Landslide Information Database for Oregon), Dec. 29th 2014

West Linn Economic Opportunities Analysis
 FIGURE 3 - Development Constraints on Buildable Employment Lands
 COGAN OWEN COGAN
 Jan. 27th, 2015

Marylhurst/Mapleton



West Linn

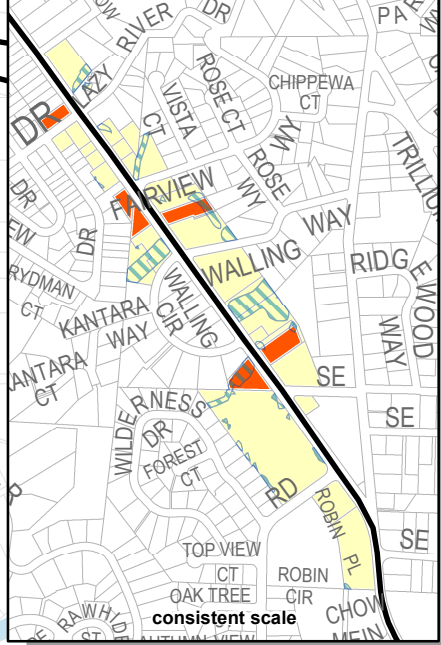


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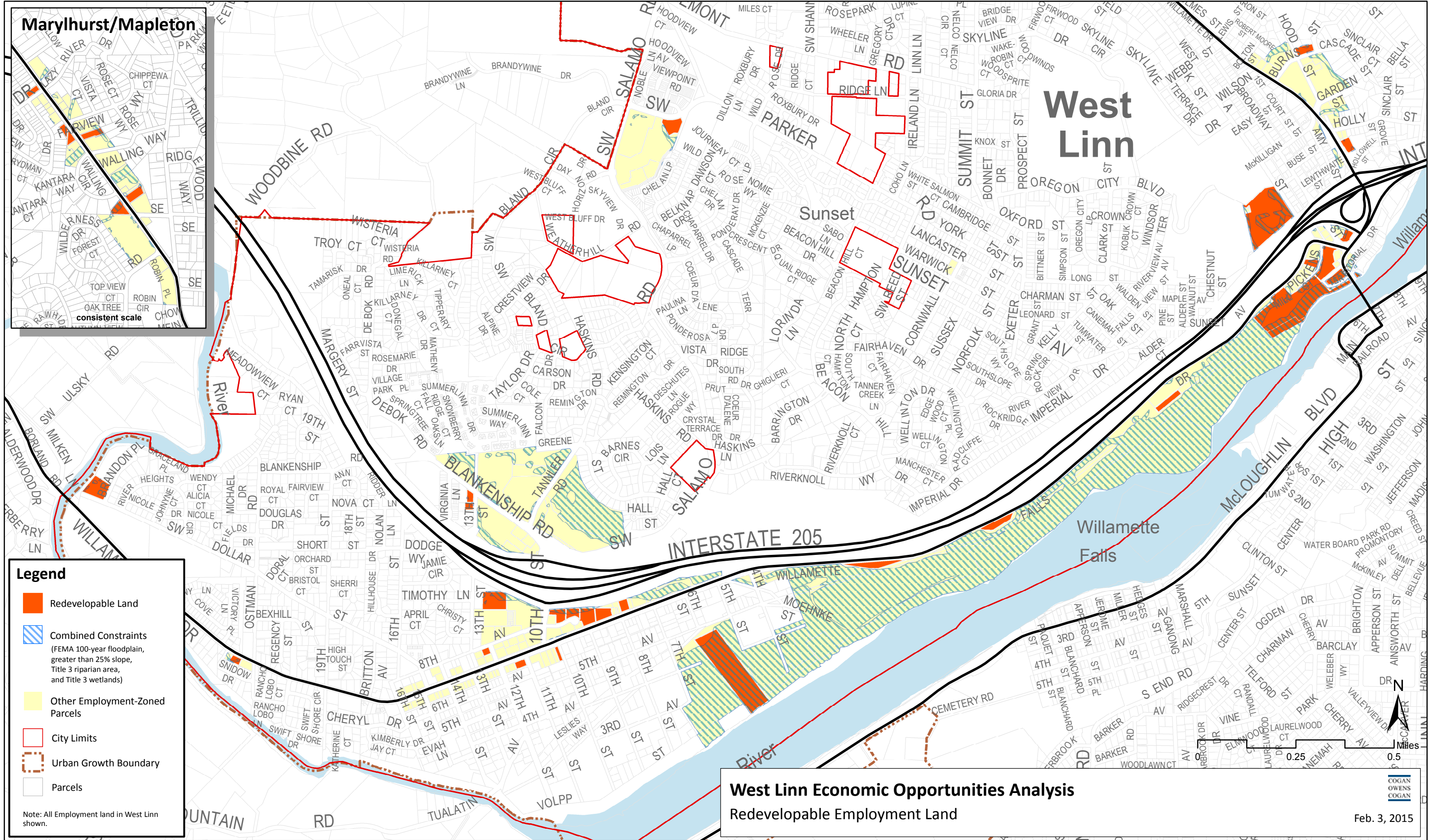
- Vacant Buildable
- Partially Vacant Buildable
- Combined Constraints (FEMA 100-year floodplain, greater than 25% slope, Title 3 riparian area, and Title 3 wetlands)
- Other Employment-Zoned Parcels
- City Limits
- Urban Growth Boundary
- Parcels

Note: All Employment land in West Linn shown.

Marylhurst/Mapleton



West Linn



Legend

- Redevelopable Land
- Combined Constraints (FEMA 100-year floodplain, greater than 25% slope, Title 3 riparian area, and Title 3 wetlands)
- Other Employment-Zoned Parcels
- City Limits
- Urban Growth Boundary
- Parcels

Note: All Employment land in West Linn shown.

West Linn Economic Opportunities Analysis Redevelopable Employment Land



Feb. 3, 2015

