

82nd Avenue Project

Employment/Light Industrial Evaluation

Date July 18, 2017
To Radcliffe Dacanay, Bureau of Planning and Sustainability
From Leland Consulting Group

Project Background

Portland's Proposed Draft Comprehensive Plan identifies 82nd Avenue as a Civic Corridor. This designation is given to certain major streets and corridors that we need to become locations for successful infill development. To continue to grow as a compact city of livable and economically viable centers and complete neighborhoods, we need these streets to not only serve traffic, freight and transit. We need them to become well-designed places with transit-supportive densities of housing, businesses and jobs that are inclusive and support the retention of existing residents and businesses.

The study will establish specific strategies for employment-based development along 82nd Avenue.

Task Description

- Research the market for employment and light industrial businesses and real estate development in the 82nd Ave corridor, and related areas (e.g., Inner East Side, Gateway/East Portland, etc.).
- Review and compile information about propensity of businesses to locate in the 82nd Ave corridor, based on data from the US Census/NAICS, Business Oregon, City of Portland, Costar, and other sources.
- Explore potential to create a business association or light industrial council and forge connections with Columbia Corridor, Lents URA, and/or Central Eastside businesses.

Analytical Objectives

This market analysis provides a baseline assessment of demographic, economic, and real estate conditions affecting the 82nd Ave Corridor within the City of Portland. Based on observed supply and demand characteristics and real estate trends, in both the corridor and the broader city, this analysis highlights opportunities and barriers for attracting new development consistent with an emerging overall vision for the 82nd Avenue corridor. Recommendations, based on professional judgement, are supported by available evidence—drawing on a combination of relevant existing market studies (where possible) and public and subscription databases. Data sources include U.S. Census/ACS, Costar (commercial real estate), Multnomah County, Metro, U.S. Bureau of Economic Analysis (BEA), ESRI, Census Longitudinal Employment/Household Dynamics (LEHD), and others. Additionally, interviews with stakeholders such as property owners, developers, business owners, and neighborhood organizations help to inform the on-the-ground market conditions.

By answering the following questions, the market analysis will assist in understanding the corridor's competitive position within the region (or lack thereof) and the differences and interrelationships of the various sub districts within the corridor itself. The data will help to inform the strategy by identifying land use types and characteristics (type, scale, density) that are likely to be feasible and could be included in future land use and redevelopment options.

Key Questions:

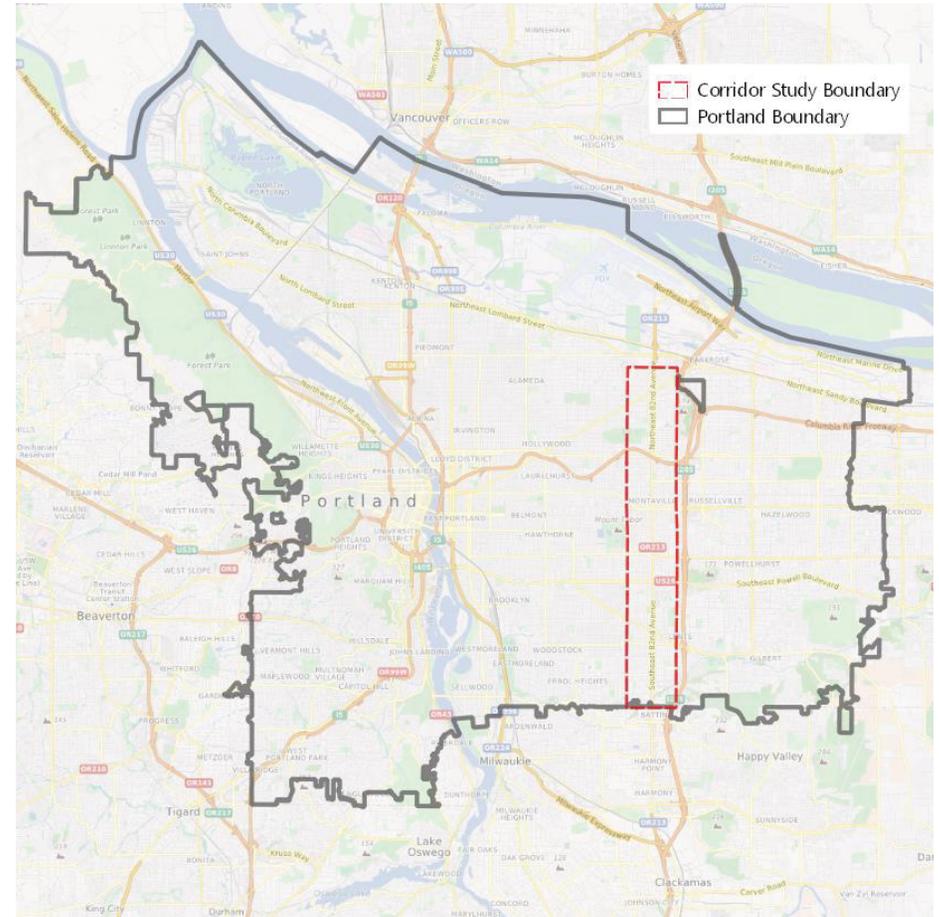
- What is "Light Industrial"?
- Is 82nd Ave a center for light industrial development and employment?
- What are the benefits, drawbacks, and barriers to light industrial development and employment?
- How can we increase light industrial employment in the 82nd Ave corridor?

Market Area

The market area helps to identify 82nd Avenue's competitive difference in relation to a wider area, or lack thereof, of which it can be expected to play a major role. In this case, employment and light industrial land uses elsewhere in the City of Portland serve as comparisons, highlighting the corridor's strengths and weaknesses from a business development perspective.

For the purposes of this employment and light industrial market analysis, the market area is generally approximated by the City of Portland boundary, as shown in the following figure.

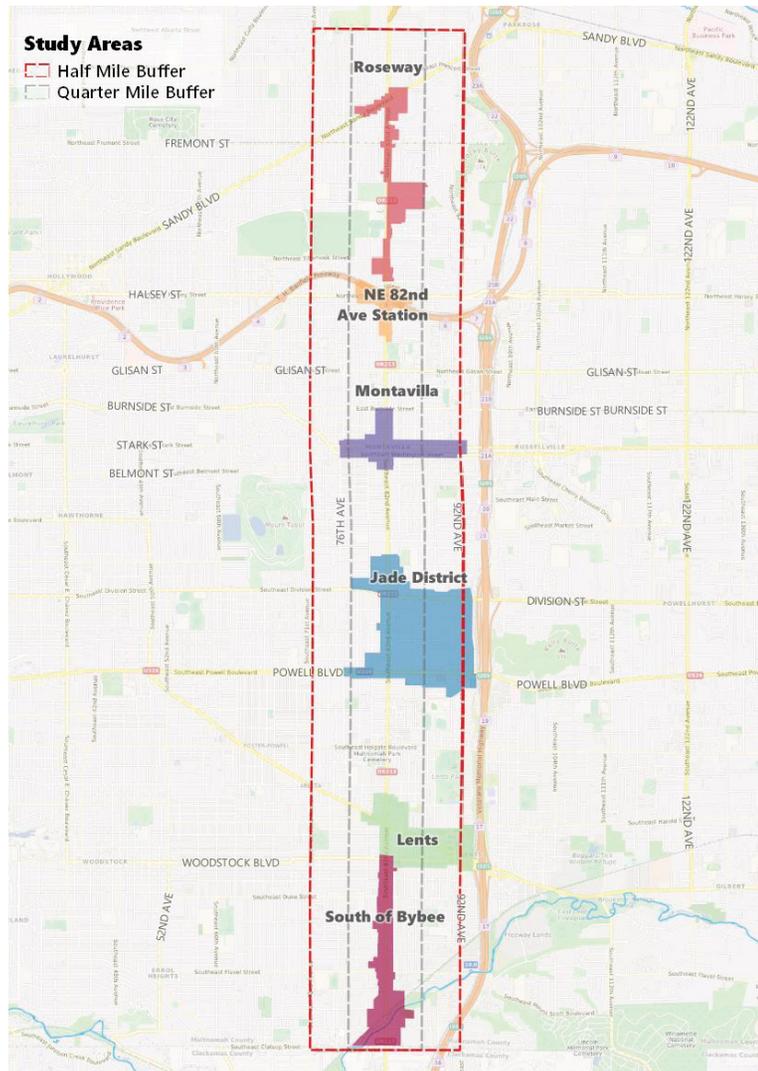
Figure 1: 82nd Avenue Market Area



Source: City of Portland & Leland Consulting Group

Study Area

Figure 2: 82nd Avenue Corridor Study Area & City-Defined Centers



Source: BPS & Leland Consulting Group

Defining Light Industrial

This section provides clarification on the definition of employment- and light industrial-based uses, despite the latter experiencing rapid and continued change.

Understanding Light Industrial

Industrial land uses can encompass a broad spectrum of uses, building types, and uses. Heavy industrial has long been considered something that uses heavy machinery with a high throughput. Light industrial, on the other hand, has come to be considered everything that heavy industrial is not. As such, it is an industry that is constantly changing and can sometimes be more difficult to define in exact terms. Generally, however, light industrial is characterized by the following attributes:

- Relies more on labor and less on heavy machinery
- Produces finished products from partially processed materials
- Produces smaller products with higher value per unit weight
- Requires less raw materials, square footage, and power
- Has less environmental impact (Evans & Evans, 2007; "Light industry," 2012)

Building types may be considered "flex" (including research and development), "multitenant", "warehouse distribution" (including wholesale food producers, commercial kitchens, and breweries), and "manufacturing" (including makers, such as arts/crafts, screen printing, fabrication, general contractors, pottery, etc.).

Figure 3: Examples of Light Industrial Properties



Source: Costar

As shown in the examples above, typical characteristics of traditional light industrial properties include:

- One story buildings (which may include the provision of bays and roll up doors)
- High ceilings (for storage and full range of motion, for example)
- Surface parking and low floor-area-ratio (FAR)
- Simple, flexible designs that can accommodate a range of tenants

Light industrial has, in the past, often included warehouses, fabrication, and other non-intrusive uses. This is generally changing to include “makers” – small scale manufacturers for typically local products. Added to this list are alcohol-related tenants such as distilleries and breweries (granted, these have been around for some time).

Redefining Light Industrial

The new definition of light industrial, especially for manufacturing, has expanded to include the creative sector. This new age of industry is, according to many, going to be based around design, 3D printing, TV and film production, art and design, food preparation and prototype development. These new industrial uses can coexist alongside retail, residential and office uses because their processes create less noise and fewer environmental impacts.

The industrial sector is therefore required to be flexible to accommodate the broad spectrum of current uses, as well as an unknown number of future uses. Because of this, flex and incubator space has been an increasingly popular development type, where prospective tenants can mold space to their own needs.

Desirable Characteristics for Light Industrial Companies

Many prominent stakeholders in Portland’s industrial community have provided insight into the desirable characteristics for light industrial properties to prosper. These characteristics typically fall into three categories:

- Location
- Transportation
- Affordability

Location

Proximity to major amenities, population clusters, and transportation systems is important to industrial developers. 82nd Avenue’s central location between the airport, the central city, and multiple freeways make it a desirable location for employment-based development, particularly light industrial.

Transportation

Freight remains critical in the transportation of goods, and while light industrial properties may not be operating at the same capacity as heavy industry, they still rely on good transportation systems.

- 82nd Avenue is a well-travelled north-south arterial with good freeway access via Interstate 205.

- The MAX light rail, while not utilized for freight, has a station directly on 82nd and is attractive to employers for their employees.

Affordability

A major business draw to an, particularly for light industrial, is affordability. This includes land acquisition and proximity to affordable housing for a company's employees. The draw of affordability is twofold, depending on whether it is the property owner or the tenant being discussed. For the property owner, industrial rents are unlikely to be as high as retail and office, so the initial land cost needs to be cheap enough to warrant the lower income. From the tenant perspective, many of the employees of light industrial companies are earnings low- and middle-income salaries, and therefore affordable residential clusters increase the attractiveness of an area to a new employer.

Benefits of Light Industrial Development

Middle-Income Jobs

- One of the main benefits of light industrial employment is the provision of middle-income jobs for employees without college educations.

Industrial Land Preservation

- Fulfill State requirement to maintain employment land capacity

Improve Regional Self-Sufficiency

- As rising fuel costs and rising foreign wages undercut the advantages of outsourcing, the self-sufficiency of regional systems are becoming critical to economic strength and wellbeing.

Catalytic Driver of Change

- Traditional manufacturing jobs were rarely closely located to other sectors, but as the definition of manufacturing expands to include creative uses which are much less intrusive, the potential for industrial spaces to coexist alongside retail, residential, and office uses

Placemaking

- Light industrial and the “maker movement” is capturing consumer demand for locally sourced products.
- These uses supply unique products and sidewalk experiences.
- When implemented correctly, they can provide a sense of place and local character.
- They provide a way to activate street-level storefronts as the conventional retail sector contracts, particularly outside of typical commercial nodes.

Demographic Profiles

This section outlines the demographic profiles of the corridor's workers and residents. A brief profile of the residents provides a simple overview of potential customers and future workers, although the worker profile provides a greater sense of the existing employment in the corridor.

Residents

Figure 4: Compound Annual Household Growth Rate, 2000 to 2016



Source: ESRI & Leland Consulting Group

The corridor has been relatively slow to grow, although 2000 to 2010 saw high growth in the southern section of the corridor, and 2010 to 2016 has seen increased growth in the northern section.

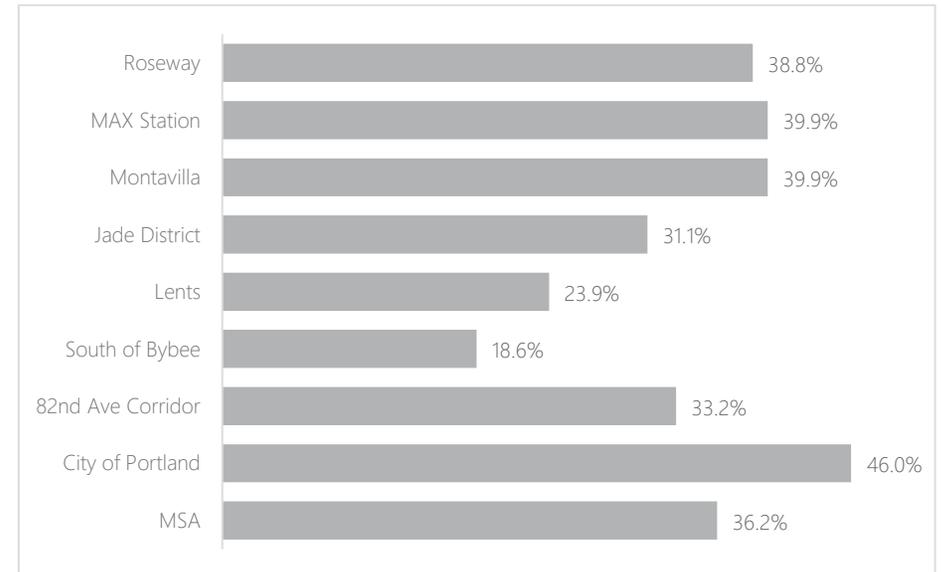
Table 1: Corridor Inflow/Outflow, 2014

	Total	Percent of Total
Employed in the Corridor	12,730	100%
Employed in the Corridor but Living Outside	11,582	91%
Living in the Corridor	25,404	100%
Living in the Corridor but Employed Outside	24,256	96%
Living and Employed in the Corridor	1,148	3%

Source: LEHD & Leland Consulting Group

The table above shows the number of people living in, employed in, and commuting to and from the corridor. Only three percent of all residents and employees in the corridor both work and live there, suggesting significant room for improvement.

Figure 5: Educational Attainment (Bachelor's Degree or Higher, 25+), 2016



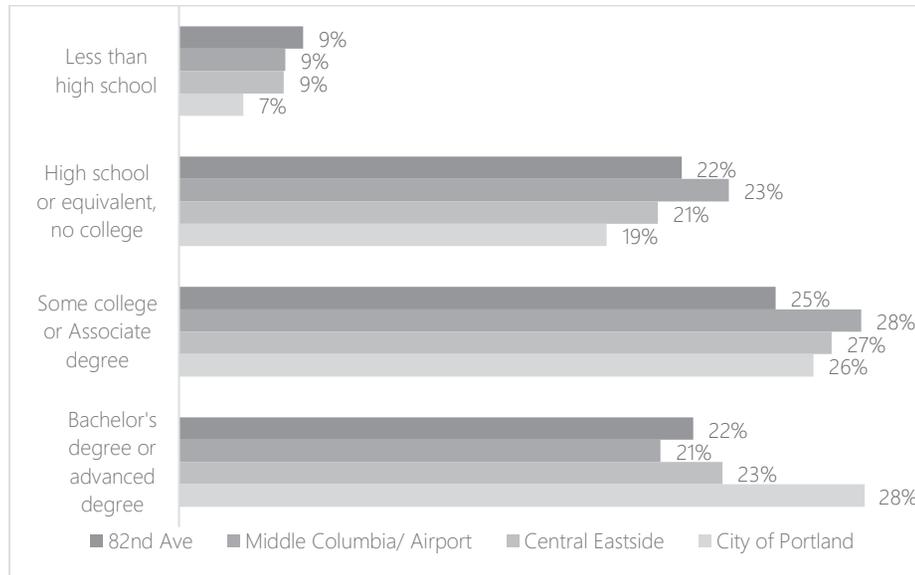
Source: ESRI & Leland Consulting Group

- Educational attainment is lower in the southern centers of the 82nd Avenue corridor, while generally the corridor is slightly less educated than the overall city.
- While educational attainment levels are lower than the city, they are still higher than the national average and generally consistent with the metro region.
- Educational levels, as discussed already, may factor little into industrial development, but general employment (specifically in rising industries such as healthcare and education) depends on higher education to populate the workforce.

Employees

The following section will provide comparative employee profiles between 82nd Avenue, two areas deemed employment-heavy and comparable areas for light industrial uses (Middle Columbia/Airport and the Central Eastside), and the overall City of Portland.

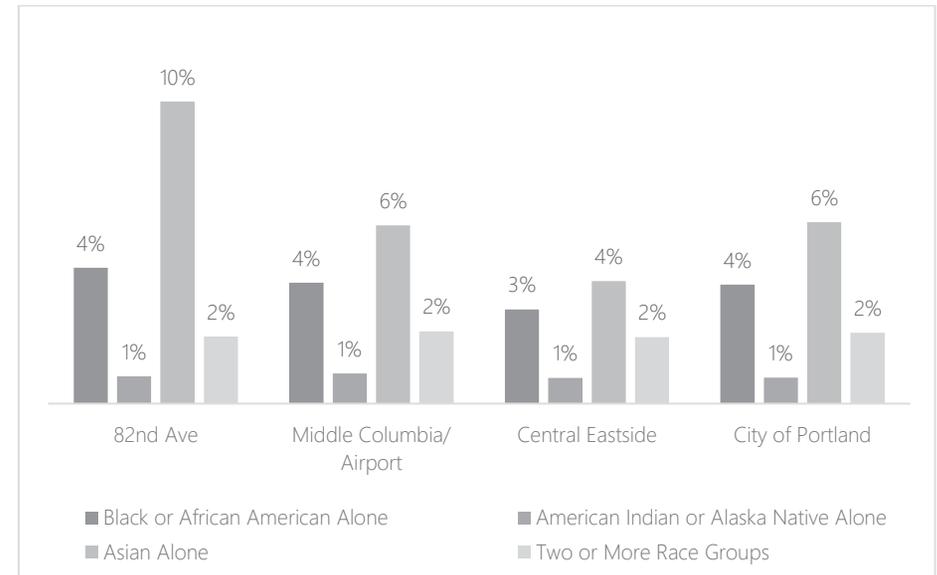
Figure 6: Employee Education Level, 2014



Source: LEHD & Leland Consulting Group

- Per LEHD data, most employees in the 82nd Avenue corridor have a comparable education level to those of the Central Eastside. All comparison areas generally have a lower educational attainment level than the wider city, with at least five percent of the workers attaining at least a bachelor's degree.
- The Middle Columbia area, where the airport is located, sees the least workers with a bachelor's or advanced degree, but the highest proportion of workers with "no college" or "some college or an associate's degree".

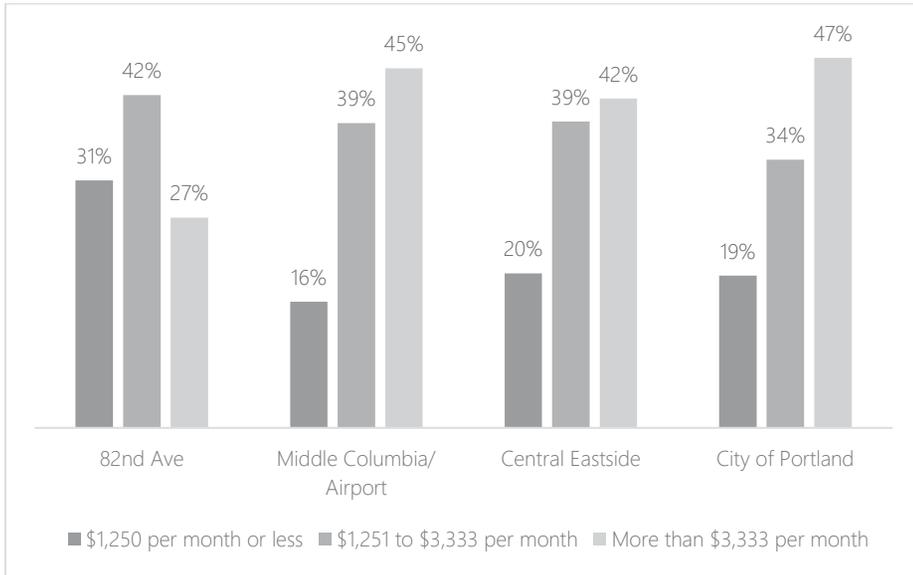
Figure 7: Employee Race



Source: LEHD & Leland Consulting Group

- The 82nd Avenue corridor has the most Asian employees as a percentage of the total population by some way, reflective of the high number of Asian-oriented stores such as Fubonn Supermarket and Hong Phat Food Center.
- The employee race in the other comparison areas are more in line with the wider city.

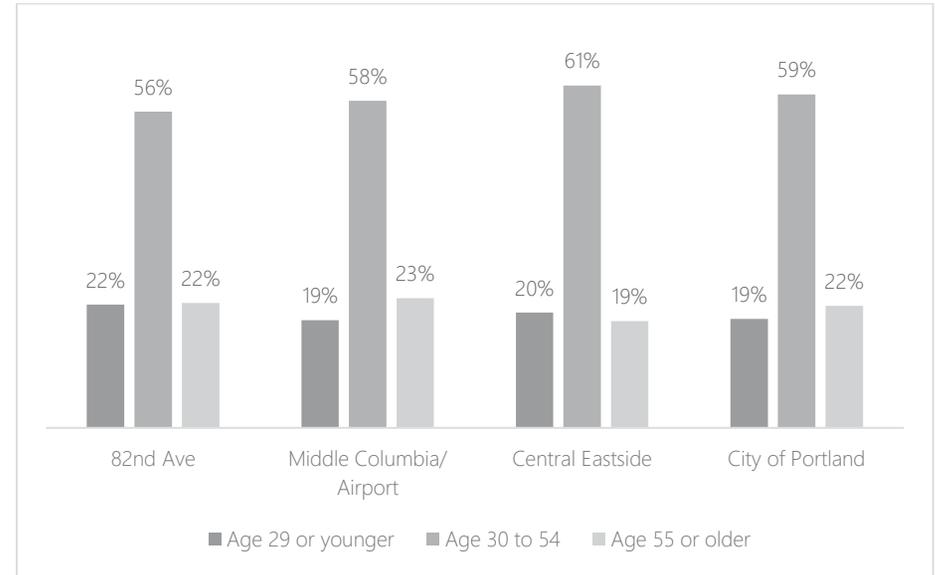
Figure 8: Employee Income (monthly), 2014



Source: LEHD & Leland Consulting Group

- The 82nd Avenue corridor is primarily middle-income workers, with 42 percent earning \$1,251 to \$3,333 per month. Only about one-quarter earn more than \$3,333 per month, which is to be expected given that almost the retail trade and the accommodation and food services industry together employ about two-fifths of the current workforce.
- Despite having one of the lowest educational attainment levels across the comparison areas, more Middle Columbia employees earn more than \$3,333 per month than the other two comparison areas, backing up the assumption that light industrial uses generally provide a middle-income wage for lower educational levels.

Figure 9: Employee Age, 2014



Source: LEHD & Leland Consulting Group

- While the difference appears relatively marginal, employees in the 82nd Avenue corridor are more likely to be younger than any other comparison area. Given the likelihood that the employees work in retail or food and accommodation, which typically have younger workers, this is hardly surprising. However, this statistic bodes well for the future of the corridor's income, as a younger population of workers are less likely to have reached their highest salary or wage bracket. With that said, this depends on opportunities to climb the career ladder.

Key Takeaways

- Small scale manufacturing can benefit from demographics trends, especially young professionals and empty nesters living in downtowns, which revive urban cores and provide new opportunities for entrepreneurial commerce.

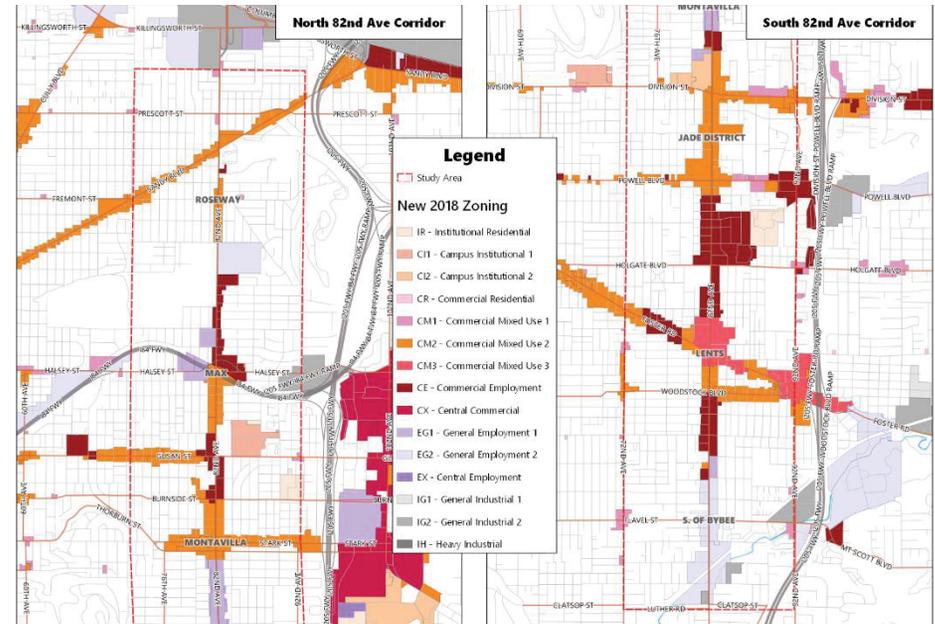
- Major companies are choosing to relocate or open major offices in the urban core, rather than in the suburbs. Due to spatial limitations and the rising cost of downtown, 82nd Ave could potentially position itself to be an attractive compromise. However, office uses tend to cluster and office development is unlikely to come to 82nd Ave until other closer-in areas are built out and/or become too expensive. Given the amount of office square footage entering Portland's market in the near future, this is unlikely.
- Growth in the self-employed economy is driving the demand for small, affordable office space. However, these property types will not support large-scale development and may be better suited to live-work buildings (such as Mile Post 5).
- Growing and ageing populations drive demand for healthcare and social service positions, which typically generate middle-income wages.
- The maker movement is gaining momentum. More people are transforming their hobbies into businesses as consumers gravitate toward locally sourced or locally grown products

Light Industrial uses on 82nd Avenue

Light industrial employment in the 82nd Ave Corridor is currently limited in scope. The corridor is largely dominated by the retail trade and the food industry, with some educational and healthcare uses.

Land Use

Figure 10: Zoning



Source: Portland BPS & Leland Consulting Group

- Only four areas in the corridor are zoned for specifically industrial land uses, all of which are EG2 – General Industrial 2, and all are located on the periphery of the study area.
- Most zoning on 82nd Avenue is commercial, mixed-use, or employment. These zones are relatively flexible in what uses are allowed, and light industrial uses are typically allowed with limitations.
- General employment zones (EG1 and EG2) allow a wide range of employment opportunities without potential conflicts from interspersed residential uses. The emphasis of the zones is on industrial and industrially-related uses. Per BPS' zoning code,
 - "EG1 areas generally have smaller lots and a grid block pattern. The area is mostly developed, with sites having high building coverages and buildings which are usually close to the street. EG1 zoned lands will tend to be on strips or small areas.

- EG2 areas have larger lots and an irregular or large block pattern. The area is less developed, with sites having medium and low building coverages and buildings which are usually set back from the street. EG2 zoned lands will generally be on larger areas than those zoned EG1.”
- Most EG1 zoned land is between Montavilla and Jade District, while South of Bybee contains almost all EG2 land (the only other major tract of EG2 land is the old landfill site).
- There is no residential zoning (other than that allowed in mixed-use, higher density projects) on 82nd—all residential uses are generally behind the street frontage.

Figure 11: Summary of Use Allowances and Development Standards for New Mixed Use Zones

Zoning Concept Use Allowances				
Use Categories	CM1	CM2	CM3	CE
Residential Categories				
Household Living	Y	Y	Y	Y
Group Living	L/CU	L/CU	L/CU	L/CU
Commercial Categories				
Retail Sales and Service	Y/L	Y	Y	Y
Office	Y/L	Y	Y	Y
Quick Vehicle Servicing	N	L	L	Y
Vehicle Repair	N	Y	Y	Y
Commercial Parking	N	Y	Y	Y
Self-Service Storage	N	N	L	Y
Commercial Outdoor Recreation	N	Y	Y	Y
Major Event Entertainment	N	CU	CU	CU
Industrial Categories				
Manufacturing and Production	L/CU	L	L	L
Warehouse / Freight Movement	N	N	L	L
Wholesale Sales	N	L	L	L
Industrial Service	N	L/CU	L/CU	L/CU
Railroad Yards	N	N	N	N
Waste-Related	N	N	N	N
Institutional Categories				
Basic Utilities	Y/CU	Y/CU	Y/CU	Y/CU
Community Service	L/CU	L/CU	L/CU	L/CU
Parks and Open Areas	Y	Y	Y	Y
Schools	Y	Y	Y	Y
Colleges	Y	Y	Y	Y
Medical Centers	Y	Y	Y	Y
Religious Institutions	Y	Y	Y	Y
Daycare	Y	Y	Y	Y

Source: Portland BPS, 2015

- As the table shows, many employment and industrial uses are listed as “L” (allowed with special limitations).
- CE - Commercial Employment zones (dark red on the map) allow a broad array of retail, service and office use, and allow a range of light industrial uses with few off-site impacts. Height, scale, and FAR limits would allow for most industrial building types. The zone is intended for sites along corridors in areas between designated centers, especially along **civic corridors** that are also Major Truck Streets or Priority Truck Streets. Most industrial uses are allowed with “special limitations”,

including manufacturing and production, warehouse/freight movement, wholesale sales, and industrial service (which requires a conditional use).

- Most of the mixed-use zones in the 82nd Ave corridor are CM2 and CM3. These zones also for a range of industrial and employment uses. The only major difference being that CM2 does not permit warehouse and freight movement.

Industry Mix

Figure 12: Comparison Areas by Industry Type

Industry	82nd Ave	Middle Columbia/Airport	Central Eastside	City of Portland
Retail Trade	20%	10%	8%	9%
Accommodation and Food Services	16%	9%	11%	10%
Health Care and Social Assistance	13%	4%	12%	14%
Educational Services	9%	1%	2%	10%
Other Services (excluding Public Administration)	8%	3%	5%	4%
Admin & Support, Waste Mgmt & Remediation	7%	5%	4%	5%
Management of Companies and Enterprises	5%	2%	2%	4%
Construction	5%	7%	10%	4%
Professional, Scientific, and Technical Services	3%	3%	10%	8%
Manufacturing	3%	12%	9%	6%
Real Estate and Rental and Leasing	3%	3%	3%	2%
Wholesale Trade	3%	11%	12%	5%
Finance and Insurance	2%	0%	1%	4%
Arts, Entertainment, and Recreation	2%	1%	4%	2%
Information	1%	1%	3%	3%
Public Administration	1%	5%	3%	3%
Transportation and Warehousing	1%	24%	2%	5%
Utilities	0%	0%	0%	1%
Agriculture, Forestry, Fishing and Hunting	0%	0%	0%	0%
Mining, Quarrying, and Oil and Gas Extraction	0%	0%	0%	0%

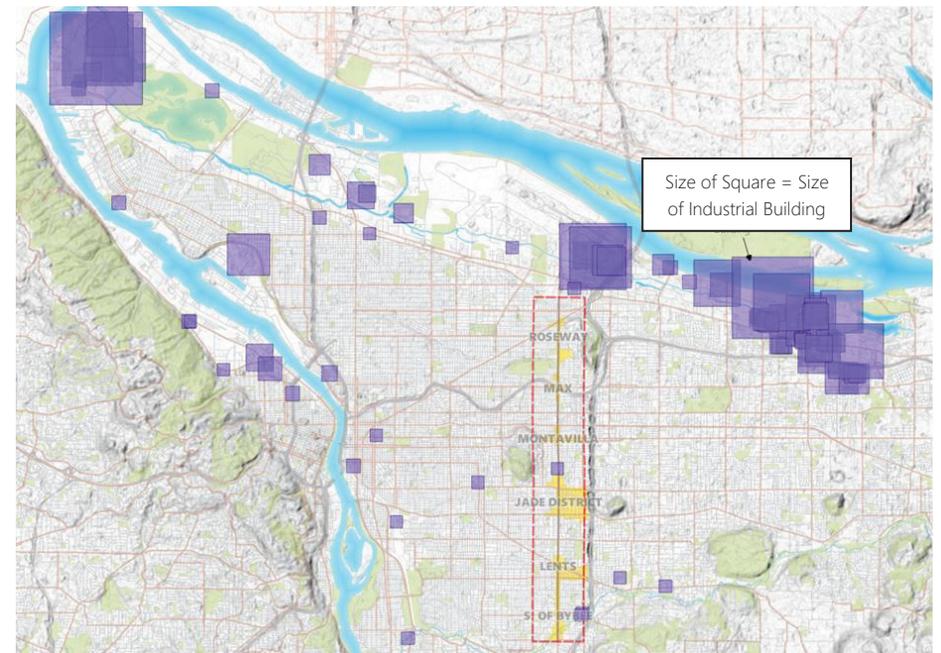
Source: LEHD & Leland Consulting Group

- Most of the industries typically considered “light industrial”, such as construction, manufacturing, wholesale trade, and transportation and warehousing, do not feature heavily in the 82nd Ave corridor (collectively compiling only 12 percent of industry in the corridor).
- Retail and accommodation and food services are the most prevalent industries in the corridor, yet both these industries

- The Health care and social assistance industry, while not “light industrial”, is often considered a significant employment generator and typically offers middle-income/family-wage jobs. Health care and social assistance makes up 13 percent of total industry jobs in the corridor, with the potential for increased growth seemingly available. Similarly, Education, largely in part to Portland Community College’s east Portland campus, consists of 9 percent of all industry in the corridor. Leveraging these two industry sectors might increase the number of middle-income jobs in the corridor.

Recent and Future Development

Figure 13: Industrial Development by Size, 2007-2017



Source: Costar & Leland Consulting Group

The map of industrial development in the last decade shows that new industrial properties have not been built in the 82nd Avenue corridor. Instead, almost all the new development has occurred in the Columbia Corridor, mostly clustered in the eastern section of the corridor, with some in the very northwestern section.

- New buildings have been an average size of 91,000 square feet.

- New properties have had an average lot size of 9 acres.

Only one “employment”-based development is currently proposed for the corridor, a 15,000 square foot property at 2110 SE 82nd Ave called The Flex. Flex is a simple, one-story, surfaced parked property aimed at attracting tenants from many sectors, including retail, office, and light industrial. The property is designed to be flexible and may be tenanted to a single tenant or multiple tenants.

The property is targeting tenants such as local “makers”, medical offices, and retailers, and interest has so far come from local restaurants, a dental office, and an auto parts store (which would be a single tenant). Asking rents are \$22 to \$24 NNN, which are some of the highest asking rents in the corridor.

Key Takeaways

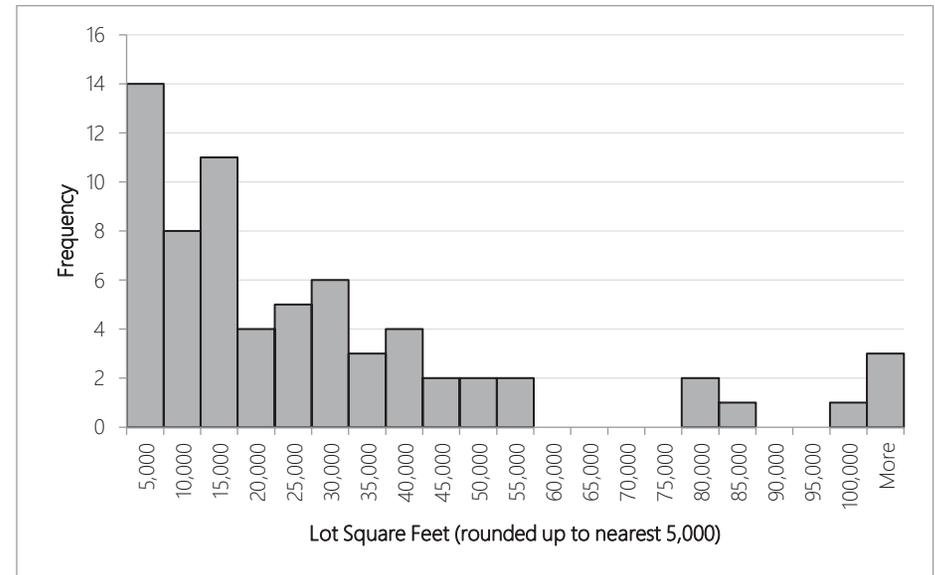
- The new zoning on the 82nd Avenue corridor is flexible in allowing a range of employment and industrial uses (albeit with limitations).
- Despite the new zoning, the corridor has not seen industrial development occur like other corridors have, and light industrial jobs are currently not as prevalent in the corridor as they are in other industrial areas such as the Central Eastside and the Airport.
- 82nd Avenue’s industry mix is dominated by food and retail, generally reflective of the demographic diversity in the corridor. Education and healthcare also feature heavily, which is consistent with wider job growth trends in the city, and where further growth is anticipated.
- The 82nd Avenue corridor does not have the necessary amount of industrial land or jobs to be considered a light industrial “center”.

Barriers to Light Industrial Development

Challenges for Industrial Development

Site Size

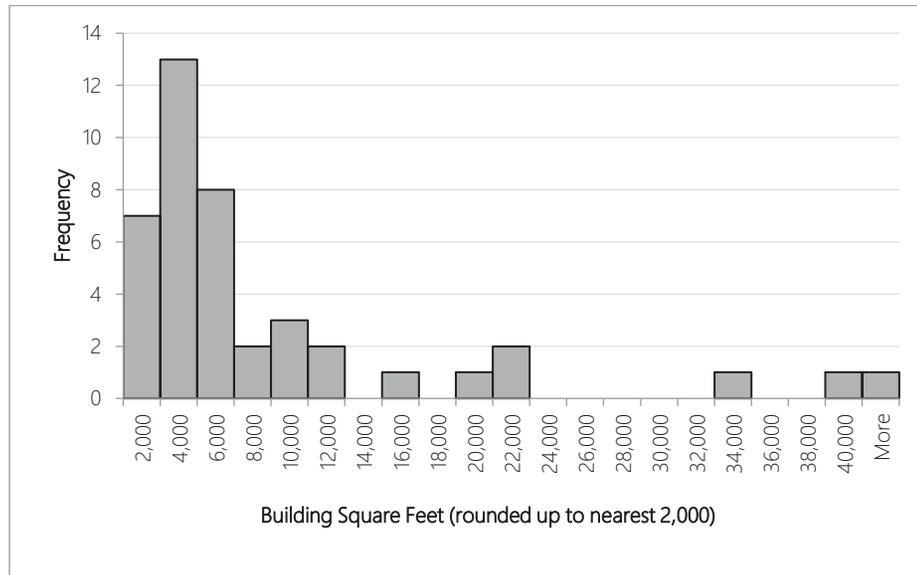
Figure 14: Industrial Lot Size Histogram, 82nd Ave Corridor



Source: Metro RLIS & Leland Consulting Group

- New development, as discussed in the previous section, averages 91,000 square foot for buildings on 9 acres of land. In the 82nd corridor, industrial lot sizes remain smaller-than-market-average. In fact, the average industrial lot is about 0.6 acres, but the *median* lot size is only 0.4 acres. Further, the majority of the industrial lots in the 82nd Avenue corridor are under 15,000 square feet (0.3 acres). Overall, the limited size of the lots greatly reduces the viability of typical industrial development, and almost completely restricts building types such as warehouses.

Figure 15: Industrial Building Size Histogram, 82nd Ave Corridor



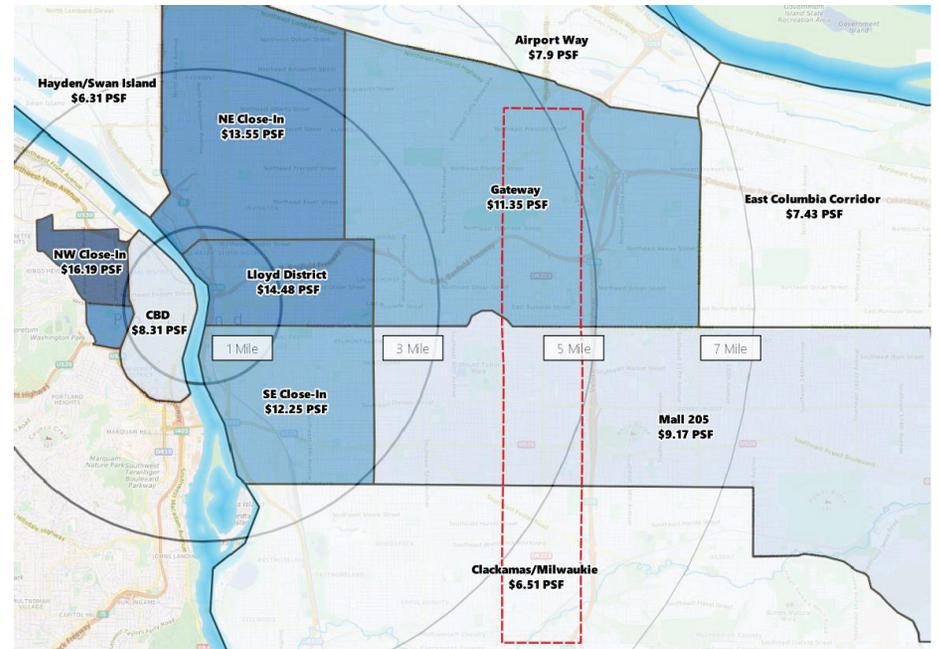
Source: Metro RLIS & Leland Consulting Group

- The existing industrial building stock is not capable of taking on demand for large spaces. Capacity Commercial’s 2016 Q4 Industrial Market Report states that current industrial demand is for large (100,000 SF and up) properties. Most of the buildings in the 82nd Avenue corridor are less than 8,000 square feet.
 - Average 82nd Ave Industrial Building Size: 8,800 square foot
 - Median 82nd Ave Industrial Building Size: 4,600 square foot
- With this said, citywide there has been an increase in the number of available large-scale industrial properties for lease, per Capacity Commercial’s 2016 Q4 Industrial Market Report. Medium-sized (10,000 to 50,000 square-foot) property listings remained scant, leaving limited options for smaller users in the metro area and potentially increasing demand. While the industrial stock is somewhat dated in the corridor, redevelopment could, under the right financial conditions, significantly improve the quality of the smaller industrial stock and capture some of the demand for smaller spaces.

- Floor Area Ratio (FAR) is relatively low for industrial properties (about 0.3), which is somewhat typical given the floor height standards and the limited ability to have two-story buildings. There may be opportunities to increase FARs through redevelopment and better utilize site sizes.

Rent

Figure 16: Average Industrial Rents by Submarket, Q4 2016

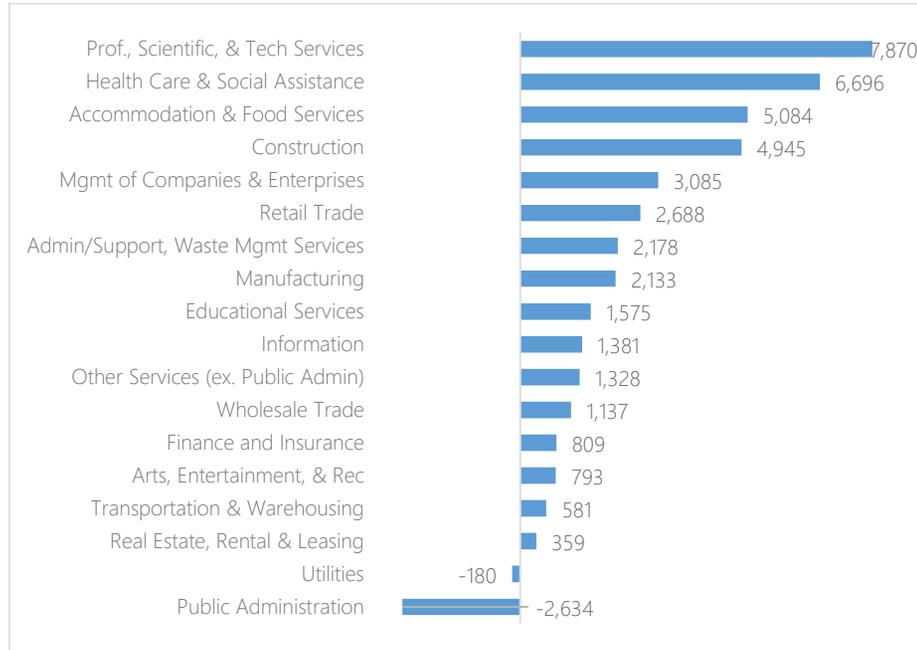


Source: Costar & Leland Consulting

- Per Costar’s Q4 2016 Industrial Market Report, the highest industrial rents (which include warehouse and flex space) are in the submarkets on the periphery of the CBD, with rents ranging from \$12.25 (SE Close-In) to \$16.19 (NW Close-in). In comparison, the highest average rents in the 82nd Ave study area are found in the Gateway submarket, while the

Employment Growth

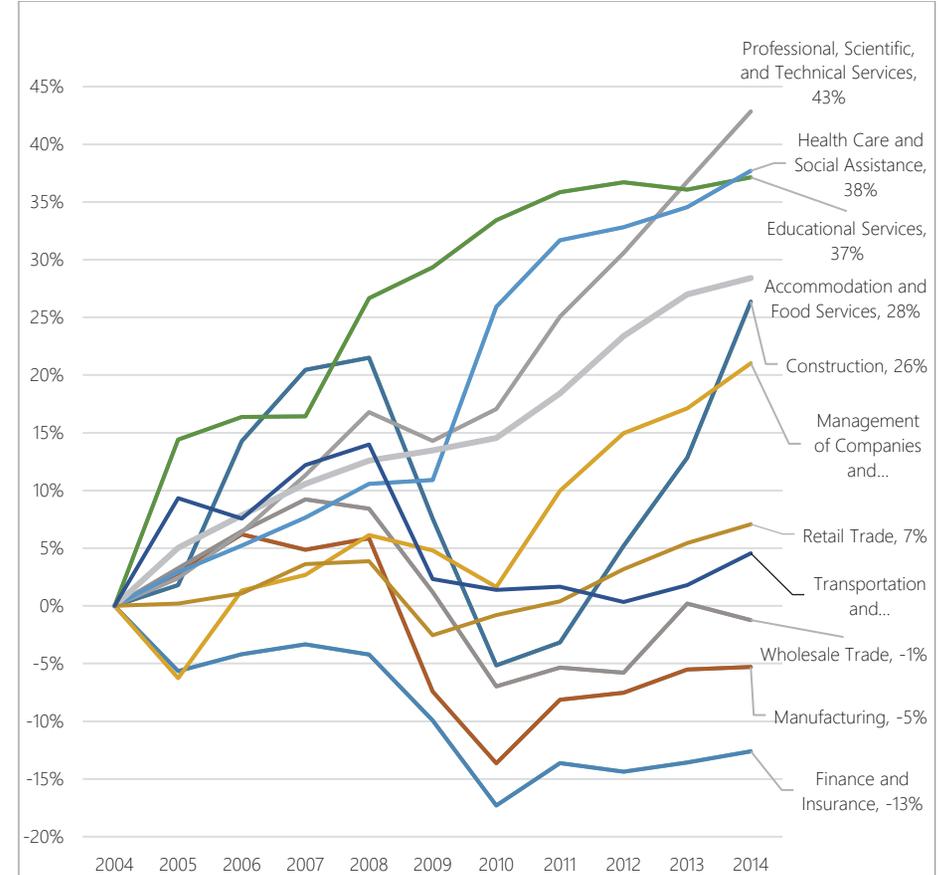
Figure 18: Job Growth, Percent Change, City of Portland



Source: LEHD & Leland Consulting Group

- Light industrial jobs are typically in the “manufacturing” and “wholesale trade” industries. For the City of Portland, these two industry sectors were two of the slowest to slow from 2010 to 2014. Meanwhile, the construction industry has grown the fastest (as might be expected with development occurring throughout the city), and other growth has occurred typically top-salaried industries such as “management of companies and enterprises” and “professional, scientific and technical services”.

Figure 19: Cumulative Industry Job Growth Since 2004, Select Industries, City of Portland



Source: LEHD & Leland Consulting Group

- Most industries saw negative growth during the financial downturn, particularly the construction industry. Most have since strongly recovered, though most of the employment and industrial-based industries have been slowest to recover to pre-recession levels.
- 82nd Avenue is unlikely to capture much of the limited light industrial growth, given the alternative industrial clusters in the Columbia Corridor and further east in the city where land remains cheaper.

Employment Density

Higher employment densities should be encouraged for a true civic corridor to be fully realized. However, many light industrial uses and tenants are unlikely to achieve these desired densities. Warehouses, for example, not only require large sites, but have relatively low employees. Makers do not require the same vast spaces, but are generally tenanted by small companies (often a single-person). Additionally, industries such as manufacturing are becoming increasingly less dependent on labor as technology increases productivity, generally resulting in less workers. As such, these types of industries are no longer the labor-intensive employment generators of old.

With that said, employment density is not such a challenge for a company based in wholesale trade or food, as there are more opportunities for other uses.

Key Takeaways

- There are significant challenges to the development of industrial and many employment-based properties. 82nd Avenue's smaller site sizes significantly limit the building types that can be developed in the corridor, and industry growth does not necessarily indicate that there is a driving demand for many light industrial jobs in the city. That said, a constantly changing industry such as light industrial, paired with the growing performance of flex space, indicates that smaller sites may in fact be utilized for employment and light industrial uses.
- Rents remain the most significant barrier to light industrial development. More suburban areas, such as 82nd Ave, are not currently commanding the industrial rents necessary to incentivize redevelopment. Leveraging some of the existing area draws and finding certain niches in the market, such as encouraging commercial kitchens to pair with the existing food production and restaurant industry, may be a feasible option to counter the rent barriers.
- Low industrial rents tend to be driven by freestanding properties. As such, mixed-use development that incorporate light industrial components may help to create a successful synergy. Mixed-use industrial developments have focused on a handful of industry clusters.

- The first cluster revolves around food production, and contains industries such as chocolate and pasta manufacturers, breweries, and confectionary wholesalers.
- The second cluster is based in arts and crafts manufacturing, and contains industries like pottery manufacturing and small-scale ornamental metalworking.
- The third cluster is built around research and development in the hard sciences.

Increasing Light Industrial Employment on 82nd Ave

While the 82nd Avenue corridor cannot currently be considered a center for light industrial or employment, it is poised to capture some of the demand for small and affordable industrial space in the city.

Utilize Existing Strategies/Resources

25-25 Jobs Strategy

Training/education: PCC, etc.

East Portland Action Plan (EPAP)

SE Works & WorkSource Portland

Development Incentives

Connect to light industrial centers

Small Business Development Center

Mixed-Use Industrial Development

"Workforce Navigator" (PDC/Jade)

"25-25" Jobs Strategy

Mayor Wheeler's 25-25 Jobs Strategy is intended to support the creation of 25,000 new jobs paying at least \$25 an hour by 2025. While the strategy is yet to get off the ground, it is worth noting some of the components to recognize future programs that the 82nd Avenue corridor can leverage to increase opportunities for employment.

- "[Elevate Portland](#)": An eight-week online program and workplace immersion that would partner employers, community college, union apprenticeship

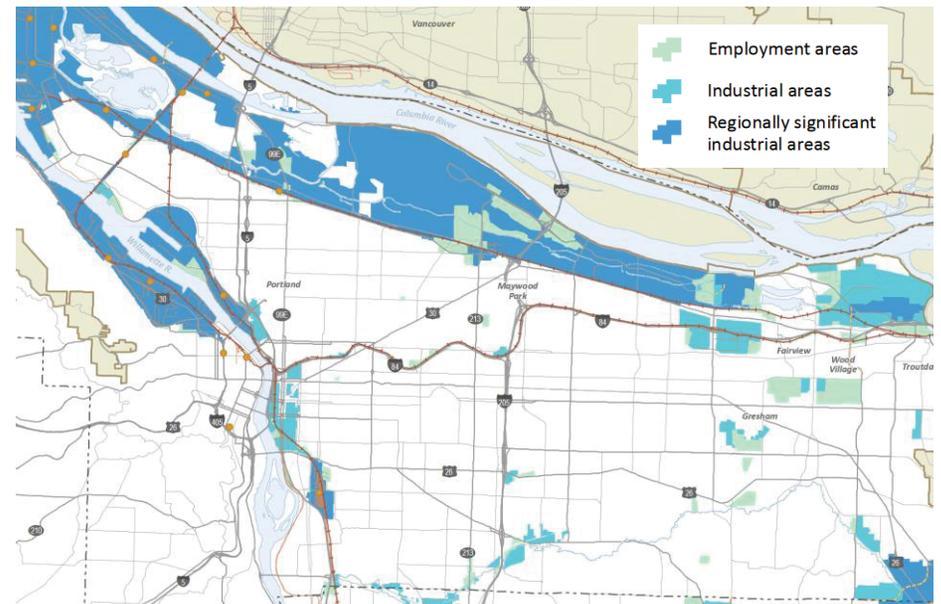
programs and the city to **give workers the skills they need** to take advantage of new job openings.

- Youth Training: Summer enrichment and training programs for disadvantaged students to ensure that they remain engaged with their education and career development.
- Partnership Programs: **Cultivate partnerships** between **industry, labor and local Career Technical Training Programs** to generate industry-specific trainings where workforce skills gaps exist. This dialogue could be, at least in part, facilitated by the Portland Development Commission and **Portland Community College**—as well as their Portland Area Career Technical Education Consortium (PACTEC) and union-run apprenticeship programs for high school students.
- Focused attention on high growth areas: Portland’s **construction industry is expected to grow** by more than 28 percent from 2012 to 2022, and the **health care industry is expected to grow** by nearly 22 percent in the same timeframe. According to the Bureau of Labor Statistics, construction jobs in Portland average **\$25.64 an hour**. Health care jobs vary depending on responsibilities but many of the most common pay well **above \$20 an hour**, including Pharmacists at \$58.21 an hour, Physical Therapists at \$38.17 an hour, Registered Nurses at \$39.87 an hour, Laboratory Technologists at \$31.26 an hour, and Dental Hygienists at \$36.86 an hour.
- Promote construction and health care jobs: **Industry leaders should be encouraged to collaborate with the Portland Community College** to ensure that all students receiving training in healthcare and construction-related programs are provided with workplace training within their curriculum.
- “One-Stop Skills Search”: **Catalogue programs by skill and industry** that are available to members of the workforce looking to update their skills. A **publicly accessible central database** can help to level the playing field by ensuring an equitable access to knowledge.
- “Fund Portland”: Develop a crowdfunding platform to **connect local entrepreneurs with local funders**, focusing on providing capital for start-ups, particularly for female and minority entrepreneurs.

- Tech Ready: City of Portland should **partner with the Portland Incubator Experiment** to help support local talent that is currently under-employed, and provide the city with a much-needed fix to any number of gaps in database maintenance, computer program functionality, etc.
- Small Exporter Support: Continue to support and grow **Portland’s export industry**.

Connect to Light Industrial Centers/Clusters

Figure 20: Title 4 Map of Industrial Areas



Source: Metro, 2014

- Title 4 of Metro’s Urban Growth Management Functional Plan refers to industrial and other employment areas. It aims to provide and protect “a supply of sites for employment by limiting types and scale of non-industrial uses in regionally significant industrial areas, industrial and employment areas.”
- The Title 4 Map shows designated industrial and employment areas in the region. There are no industrially designated areas along 82nd, and only a

small employment area at the southern end of the corridor in the South of Bybee focus area.

- Title 4 is unlikely to be a tool in which industrial land can be preserved and protected in the corridor, for there is no designated industrial land on 82nd. However, “regionally significant industrial areas” to the north and east of the 82nd Avenue corridor present opportunities for connecting residents of the 82nd Ave corridors to current employment areas. In doing so, light industrial hubs may be encouraged to developed as satellite sites within the corridor as the industry grows and evolves.

Leverage Existing Relationships/Organizations

Several organizations exist in the corridor that can be leveraged or built on to encourage more employment-based uses.

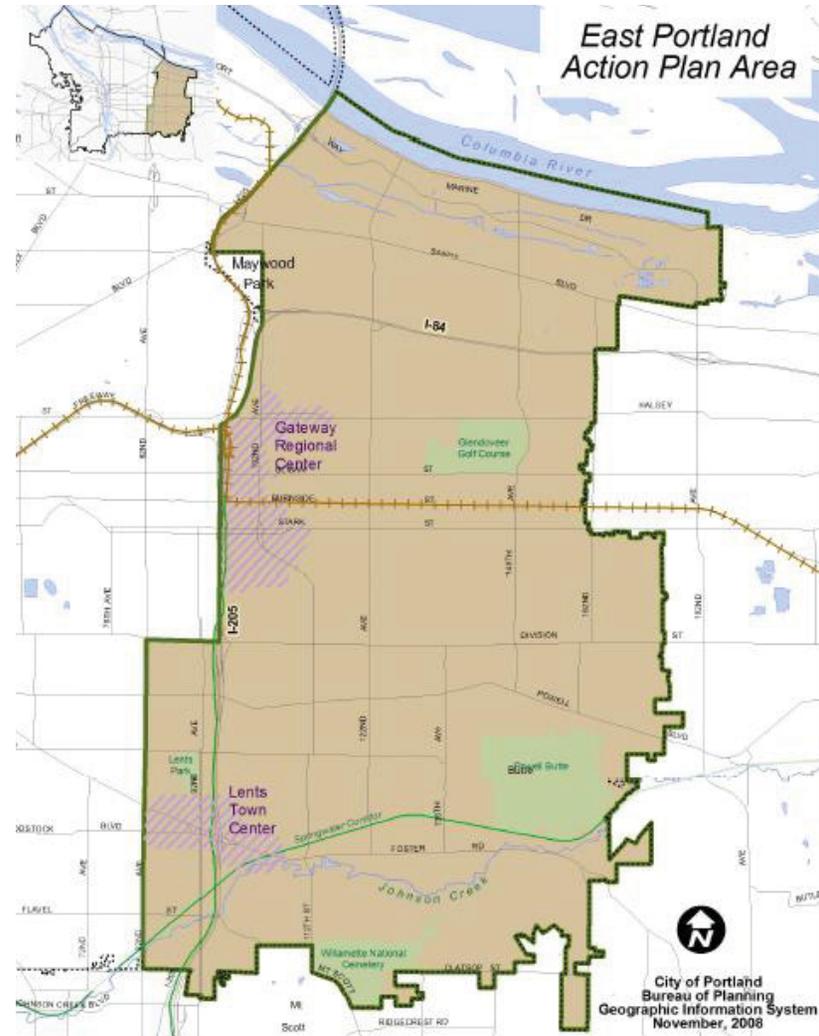
SE Works

Mission: strengthen the economic health & well-being of our diverse community by facilitating successful connections between job seekers & employers.

- Director of Workforce Development: supports the Neighborhood Prosperity Initiative in the Jade District and the Division Midway Alliance
- Provides a full range of services to businesses in the Tri-County area, including on-site recruitment, on-the-job training, and internship services, as well as education and training for prospective employees.
- Able to facilitate potential partnerships with prospective light industrial tenants

East Portland Action Plan:

Figure 21: East Portland Action Plan Area



Source: EPAP

While the East Portland Action Plan only incorporates the southeastern portion of the corridor (south of Division and the east side of 82nd), the plan is regionally

significant. The Plan outline several specific components relating to economic development and workforce training for Portland’s eastside. Some of these components are as follow (bolded for emphasis).

- EC.1 Develop and implement a comprehensive economic development plan and policy agenda
 - EC.1.2 **Identify family-wage target industries** and develop a plan to **pursue such industries**; identify partnerships, funding and timeline necessary to implement the plan.
 - EC.1.3 Develop and implement marketing plans to recruit target industries.
- EC.2 Promote key opportunity sites for economic development
 - EC.2.1 Inventory and **prioritize developable and redevelopable industrial and employment lands** for recruitment of target industries.
- EC.3 Promote and support small and independent Portland-based and - owned businesses
 - EC.3.1 Identify and develop strategy to **remove barriers to small business development** in East Portland.
 - EC.3.2 Conduct East Portland-specific workshops about business development and revitalization.
 - EC.3.3 Fund the Economic Opportunity Initiative for micro and small business development.
 - EC.3.4 Develop a centrally-located small business resource center.
- EC.4 Increase and promote workforce training and employment opportunities for East Portland residents
 - EC.4.1 Promote **East Portland as opportune location for trade/technical schools** and other educational institutions.

- EC.4.2 Develop and **build relationships between business community and other community organizations** for mentoring, skill building, fundraising and development.
- EC.4.3 Develop clearing house/program to **connect East Portland residents with workforce training and education programs** that lead to career track, living wage jobs.
- EC.4.5 **Connect East Portland residents to family-wage employment** outside of the area by **identifying and removing barriers**, such as limited transportation options.

Other Potential Partnerships

Portland Bureau of Planning	Chamber of Commerce
East Portland Chamber of Commerce	Office of Neighborhood Involvement
Portland Development Commission	Neighborhood Associations
Small Business Administration	Business Associations
Portland Community College	Mt. Hood Community College
Portland Bureau of Development Services	Bureau of Housing and Community Development
Oregon Economic & Community Development Department	Alliance of Portland Neighborhood Business Associations

Mixed-Use Industrial Development

As the light industrial industry changes there are new and unique opportunities, such as integrating industrial development into mixed-use properties. Some of these opportunities were not previously feasible due to required building types (large, low-density, etc.), invasive activities (including noise, smells, and chemicals), or the market simply did not support it. As the industry has progressively changed and become more flexible in its environment, there are several recommendations

that can be followed to capitalize on these new opportunities. Some of these recommendations are as follow:

- **Preserve and enhance urban industrial land.** Limit the conversion of strategically important industrial lands to other uses. In an industrial mixed-use district, protections might include: (1) limiting other land uses to a percentage of the total district square footage or (2) requiring 1 FAR of industrial development and allowing other uses to make up the balance of the permitted density.
- **Target industries** with site options in walkable town centers or with convenient access to transit. 82nd Avenue is poised to leverage its position as a food-oriented corridor in the manufacturing industry (food processing). Businesses like microbreweries are ideal for urban areas due to their strong retail component, low nuisance factor, and local customer base. Developing industry-specific smart growth strategies can improve 82nd Ave's competitive advantage and quality of life.
- To continue with the previous example, allowing microbreweries to diversify their distributors would increase market efficiency and improve the business environment. Permitting mixed-use development over a minimum amount of affordable light industrial and retail space would make it easier for microbreweries and other small food production businesses to serve urban neighborhoods, rather than chasing cheap space in automobile-dominated industrial areas. (*Dan Cotter, 2012*)

Mechanisms for Public Investment to Leverage Private Investment

To spur development and redevelopment in the corridor, generate tangible improvements, and help grow higher-paying wages here, public investment will need to play a major role in leveraging private investment. However, a dearth of funding exists for social and physical infrastructure spending on 82nd Avenue. Despite the odds, the following funding sources could potentially be tapped or expanded to leverage additional private investment:

82nd Ave Study | Employment / Light Industrial Evaluation

- Fixing Our Streets. (City of Portland)
- Housing Bond. (City of Portland)
- Prosperity Investment Program (PIP). (Prosper Portland)
 - Potentially expand program to connect with employment development opportunities at Portland Community College.
- Neighborhood Prosperity Initiative (NPI). (Prosper Portland)
 - Explore potential expansion of the Jade District or opportunity to create a new NPI in the 82nd Avenue corridor.
- Enterprising Places Grants. (Metro)
- Regional Flexible Funds. (Metro)
- Access Management Funds. (ODOT)
- Transportation Bill. (ODOT)

For example, in July 2017, the State Legislature passed a \$5.3 billion transportation package. It includes \$110 million to rebuild a 4-mile stretch of Powell Boulevard from SE 99th Avenue to city limits near SE 174th Avenue. ODOT will rebuild the street. In the coming years, as segments are completed, ODOT will transfer ownership to the City of Portland. This could be a model for 82nd Avenue: earmark funding, improvement by State, then transfer ownership to the City.

Establishing a “Light Industrial Council”

One of the major goals of the City's Comp Plan is to steadily grow higher-paying employment opportunities along the 82nd Avenue corridor. Employment that fits into the “light industrial” categorization has seemed to be the answer. The corridor, however, does not even have of a base of traditional light industrial businesses from which to grow more opportunities, existing employers did not identify with this term, and development economics will make it difficult to

impossible for light industrial development to replace the (more valuable) commercial development already on the corridor. Thus, as initially envisioned, a “light industrial council” may not yet be ready for 82nd Avenue.

Based on meetings with members of the Central Eastside Industrial Council and consultation with various local economic and development experts (from City staff, developers, real-estate analysts and brokers), attracting (any kind of) employment should be a priority. Instead of focusing on “light industrial” as a higher-paying job to attract, it may be better to refer to desired employment as “mixed employment.” These jobs could include a broad mix of employment, including healthcare and medical services, construction, education, commercial food preparation, light manufacturing, professional services, retail, and other employment types—some of which can be considered light industrial, while others are not.

In meeting with the various business groups and business associations in the corridor—from the 82nd Avenue Improvement Coalition to the 82nd Avenue of Roses Business Association, and the Montavilla East Tabor Business Association (METBA) to the Jade District NPI—before establishing a light industrial council, it may be more effective to better coordinate the disparate business groups that represent focused segments of the corridor. This coordinated coalition of business associations can work together to highlight advantages of locating in the emerging centers or clusters of employment along 82nd Avenue without outcompeting one another for business growth.

Additionally, a coordinated group of business associations can provide a unified voice for the whole corridor. This unified voice can help to address challenges and opportunities that affect the emerging segments or centers all along this designated civic corridor. For example, homelessness is a major issue for businesses all along the corridor. This coalition of business associations can have a stronger voice when advocating for a more comprehensive approach to address such issues.

Creative Development District

While “light industrial” employment may not be the emerging employment type in the corridor, there are opportunities to build on clusters of existing employment to grow “creative development districts.”

- Build on the strengths of existing businesses, collection of businesses in the Jade District and Montavilla as tier one opportunities. (Multiethnic shopping and Asian foods, PCC educational cluster, walkable main streets, and “old Portland” vibe.)
- “Mixed-employment” opportunities in the “auto row” area between the Jade District and Montavilla.
- Research opportunities in tier two districts, especially in the north and south ends of the corridor:
 - Banfield redevelopment: potential to repurpose building into smaller collection of creative spaces.
 - 82nd Avenue and Bybee Street area: opportunity to spur a “center” on 82nd Avenue for the adjacent Brentwood-Darlington neighborhood; clarify issues related to conditions-of-approval that are barriers to development.
 - Cluster of employment-zoned land around Cartlandia: research opportunities for integrating the Spring Water Trail into future development along adjacent properties; clarify issues related to manufactured housing in the employment zone.

For inspiration, see the Superkilen in Copenhagen, a nearly ½-mile linear park that celebrates ethnic diversity while tying together and opening up employment opportunities along its edges. See...

<http://denmark.dk/en/lifestyle/architecture/superkilen-celebrates-diversity-in-copenhagen>

<https://centerforactivedesign.org/superkilen/>

Concluding Remarks

- The market does not currently support traditional industrial development on 82nd Ave due to lower achievable rents, small site sizes, and stagnating industrial job growth. However, the very definition of industrial is constantly changing and 82nd Avenue is centrally located, currently affordable, and accessible, leaving it poised to capture demand for small- to medium-sized light industrial space.
- Other middle-income-based industries such as education, healthcare and construction, in line with positive corridor and city job growth trends, have the highest market support in the near- to moderate-term.
- The construction industry is likely to continue to grow as rapid development occurs across all sectors following the pent-up demand from the recession.
- Currently achievable rents are unlikely to support new development, particularly higher-density building types, in the near term. Rehab projects will therefore be the most feasible option in the near-term, and phased development can be implemented where possible in keeping with the market.
- The city's homelessness challenges are also affecting business on 82nd Avenue. It is a common and recurring issue in the corridor. Businesses and property owners spend a lot time and money on a regular basis to clean up the impacts of homeless activities on or around their place of business or property.