



Bicycle-Related Industry Growth in Portland

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Introduction

The League of American Bicyclists and Bicycling Magazine have awarded Portland the distinction of the country's most bicycle friendly large city, in part due to the City's investment and commitment to bicycling and bicycling infrastructure. A positive by-product of this investment is the growing, vibrant bicycle-related industry. To get a complete picture of the economic impact of bicycling to the City of Portland, staff conducted a survey of more than 100 businesses, from small-scale custom frame builders to component manufacturers, race promoters, and bike shops. The survey consisted of four questions related to:

- gross revenue related to bicycles,
- growth in revenues over the past decade,
- the effect of Portland's bike-friendly reputation on business, and
- how the bicycle-related activities of the City could help their business grow.

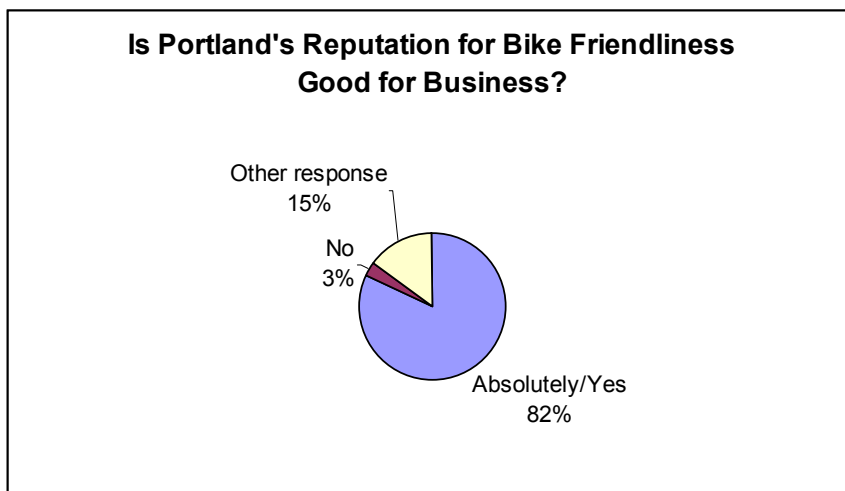
Businesses were categorized by:

- Manufacturers and distributors,
- Retail and repair shops,
- Races, rides, events, and tours,
- Professional services: education and advocacy groups, planners, messenger companies, artists, and other professionals with a business focused exclusively on bicycling.

Note: This study does not include an estimate of the benefits of bicycling related to personal health, air quality, traffic congestion, real estate value, availability of parking, or other societal benefits. While most businesses contacted shared their information, many asked to keep their information anonymous. For those that did not respond, staff made estimates of their business revenue as appropriate and as explained below.

Portland's Bike Friendly Reputation

More than 80% of businesses surveyed emphatically state that Portland's reputation for being a bicycle friendly city is good for their business. Many retailers who operate online businesses say that Portland's bike-friendly policies give them a perceived expertise with out-of-state and international customers, and several business owners report that those customers often express a desire to come to visit and ride in Portland.



"There are so many cyclists that socially there are so many different facets of bike culture. Everyone does it, and that's not a bad thing."

-Ira Ryan, Ira Ryan Cycles

"A very large part of why we moved here from SF is the unparalleled bike friendly reputation of this city with high livability. We can attract customers who wish to live well without a car, and that is within easy imaginative reach here, because of the city layout development policies, density, generally supportive approach of city government, and promotion and expansion of bike facilities. We live on a bike route and get bike-by business."

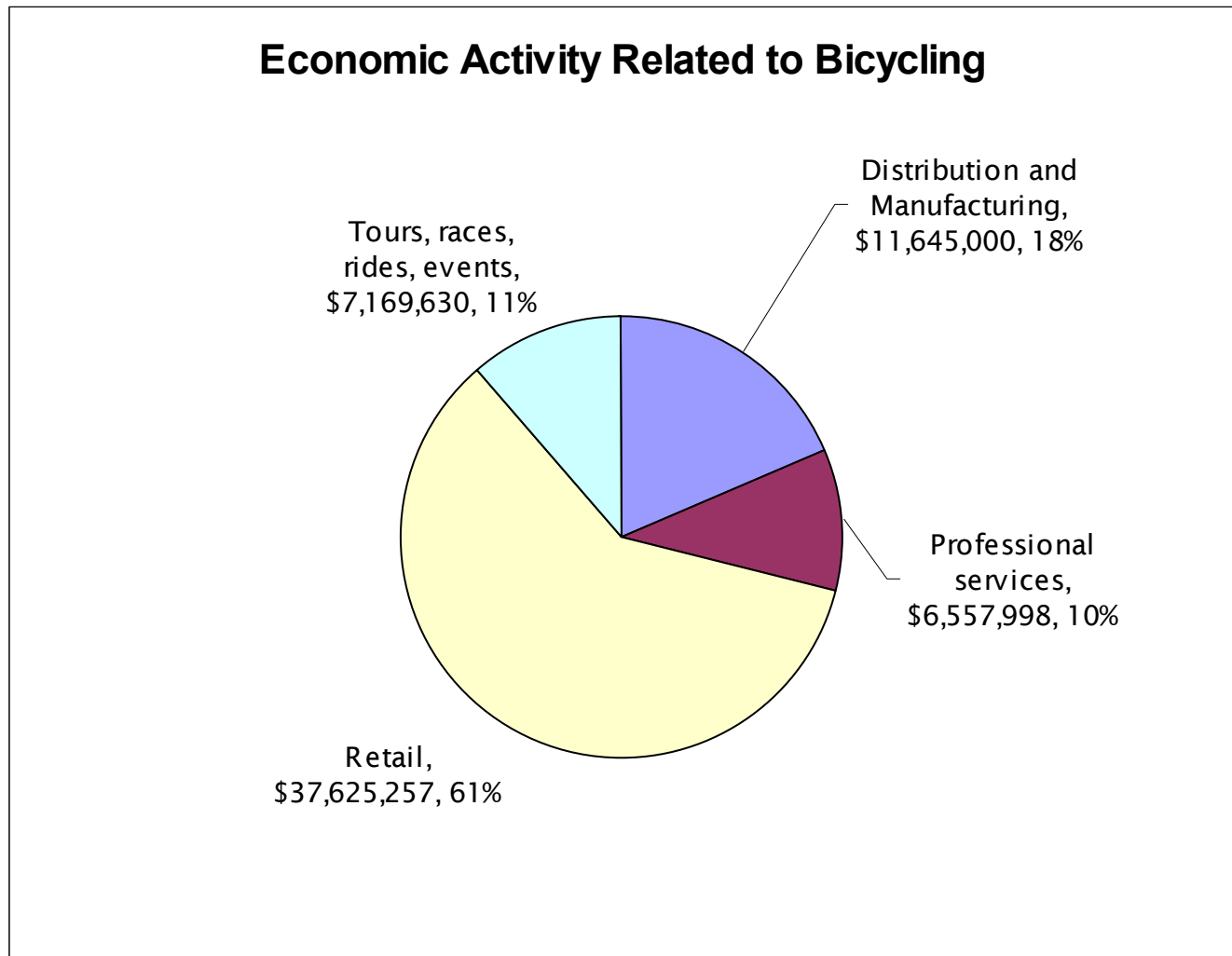
-Accessory Manufacturer

"It establishes credibility for people in the bike industry to be here, the reputation of the town itself adds credibility."

-Publisher

Economic Activity by Sector

Total economic activity is close to **\$63 million**, with the largest segment in the retail sector (61%). The fastest growing area is manufacturing at 18%. These businesses account for an estimated 600 to 800 jobs, with seasonal variation.



Comparative Studies

Researchers conducted more robustly detailed economic analyses for the States of Wisconsin and Colorado, which have large-scale manufacturers such as TREK and Cat-Eye Electronics, as well as tremendous bicycle tourist activity. The Colorado study showed over \$1 billion in annual bicycle-related economic activity. The Wisconsin DOT study estimates that the annual economic benefits of bicycling range from \$765 to \$835 million, contributing more than 3400 jobs. Thus, the City of Portland, lacking a large manufacturer but with growth in all areas of the bicycle industry, enjoys a strong level of promise for this sector.

Manufacturing

Manufacturers account for 12% of the bicycle industry in Portland, and contribute more than \$11 million annually to the Portland economy. Portland has a number of independent, high-end bicycle manufacturers, such as Sacha White (Vanilla Bicycles) and Ira Ryan (Ira Ryan Cycles), successfully operating on a small scale. Larger companies like Kinesis, Mountain Cycle, and Chris King Precision Components have national reputations for building high-quality bicycles and parts.

A number of local manufacturers produce bicycle racks. Companies such as United Pipe Bending and Fabrication and Huntco Supply, which each have a portion of their businesses selling bicycle racks, report growth over the past decade.

Retail and Repair

There are close to 40 Portland specialty bike, bike clothing/gear, and rental shopsⁱ, including Bicycle Retail Collective, Bike Gallery, Bike Central, Bike n' Hike, City Bikes, Community Cycling Centerⁱⁱ, Coventry Cycle Works, Cyclepath, Fat Tire Farm, Hollywood Cycling, Missing Link, En Selle, North Portland Bike Works, Northwest Bicycles, PSU Bike Co-op, Revolver Bicycle Living, River City Cycles, Se7en Corners, Sellwood Cycles, Universal Cycles, Veloce Bicycles, Waterfront Bicycle and Skate, and Weir's Cyclery. The specialty shops report close to \$34 million in gross revenue.ⁱⁱⁱ Most shops have experienced growth in the past decade, and many shops are less than five years old.

In addition, consumers buy many bicycles and accessories at larger discount, department, and toy stores in Portland, including WalMart, GI Joes, Gart, Kmart, Fred Meyer, Target, REI, and others. Staff contacted representatives from all of these stores, but none were willing to release the requested information. According to a representative from the National Bicycle Dealers' Association and a State of Colorado household survey, between 50% and 60% of gross bicycle, parts, and repair sales are at specialty stores, with the remainder at large retail outfits. However, bicycles purchased at large retail outlets are at significantly lower cost.^{iv} The remainder is sold through person-to-person or internet sales. Staff included internet sales for local companies interviewed, but did not have data on person-to-person sales. Taking into account that approximately 5-7% of specialty bike shop activity is bicycle repair and service, it is estimated that another \$3.8 million is spent on bicycles at large Portland retail stores.^v

"It is easier to recruit nationally with the enticement to relocate to the 'bicycle-friendly city'."

- **Components Manufacturer**

"We moved here for the bike-centric community."

- **Wholesale Components Distributor**

"There are 5 frame builders in Portland and we all have tons of business."

-Frame builder, reports 10-fold in revenue in 4 years

"Portland's reputation has a really huge effect. When I talk to people they get real excited and say 'we are trying to do things like Portland.' I have this conversation all the time; they ask lots of questions because we're the model for the nation."

-Terra Cycles

"The whole reason I relocated my business in this town is because of the reputation."

- **Revolver Bicycles**

"We see many, many people who have moved to Portland because of cycling and the lifestyle it represents."

- **Bike shop owner, reports six-fold growth in revenue in 10 years**

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Many retailers say that the sheer number of cyclists helps convince other people to try riding a bike. They also cite the many accommodations that the city has made for cyclists, and most wish for more. A few shops have not experienced growth, or have found their operating costs to have risen faster than their revenue. They cite property taxes and uneven licensing requirements as factors.

Tours, Rides, Races, and Events

Events such as BridgePedal and CycleOregon, along with other tours, bring in \$2.7 million in registration fees to local companies and non-profits, and employ dozens of people. All touring companies report growth in activity.

In addition, on an annual basis, an estimated 40,000 people participate in more than 2100 small and medium-sized rides and events. This averages out to more than six rides or events per day organized and publicized by groups such as the Portland Wheelmen Touring Club, Bike Gallery, Portland United Mountain Pedalers, City of Portland Transportation Options, Pedalpalooza, SHIFT, and others. These rides range from less than 20 people (Small Museums Tour), to 20-100 people (Midnight Mystery Rides), to large events with over 100 riders (Worst Day of the Year Ride).

Numerous studies^{vi} have attempted to determine the per-person expenditures on items such as food, lodging, and miscellaneous expenses of people participating in tours, rides, and other events. For example, a U.S. Forest Service study of 19 Illinois trails showed a range of \$1 to \$73 per person per trip on items such as bicycle and skate rental, gasoline, food, and drinks. Other studies in Pennsylvania, Florida, California, Ohio, Texas, and Indiana found expenditures ranging from \$4 to \$26 per person per day. For this study, staff used a conservative range of expenditures depending on the size and length of each ride. It is estimated that Portland group riders spend a range of \$1.2 to \$2.4 million annually in food, lodging, and incidentals.^{vii}

Portland has a national reputation in the bike racing community, in part due to the Alpenrose Velodrome, which is one of only twenty tracks like it in the country. Revenue from races and events is approximately \$226,000. This includes track, road, and cyclocross events. All events are growing in popularity. The Lance Armstrong LiveStrong Challenge Foundation brought in \$1.3 million through its September 2005 ride for cancer research at Oregon Health Science University.

"We are trying to market via the web nationally and internationally; Portland's reputation makes it easier, it links people to the city. Conversely, drawing people to Oregon means more money is spent in Portland."

- **Tour Operator**

"94% of our participants are from the Portland area; they're the casual biking crowd, not hard-cores. Portland's reputation draws them in. About 50% of registrants each year are new riders."

- **Rick Bauman, BridgePedal**

"The sheer number of bike racers here helps us, as does the nationwide reputation of the Velodrome. People come here because of bike racing; there are very few communities in the country to live in if you're a serious bike racer, and Portland is one of them."

- **Candi Murray, Velodrome/Alpenrose**

"The atmosphere encourages participation; more people biking means more people attend the events I promote."

- **Porter Childs, OR Bike, reports revenues have increased \$25,000 in the past six years**

Professional Services

Portland is home to many businesses that are related to bicycling but are outside of the tourism and industry sectors. A variety of delivery services use bicycles because of their flexibility in the downtown area. These include Orbit, Magpie Messenger Collective, and On-Time Delivery. There is also a downtown pedicab service. Several messenger companies did not respond to inquiries; staff estimated their revenue to be the average of the companies that did respond. These people-powered services generate close to \$2.5 million.^{viii}

A number of companies and organizations focus entirely on bicycle issues; together they employ 32 full-time and eight part-time employees, and generate over \$2.5 million annually. These include Alta Planning + Design (the author of this report, a bicycle and pedestrian planning and design firm), and the Bicycle Transportation Alliance, an education and advocacy group.

In addition, numerous Portland engineering, planning, and design firms (such as David Evans Associates, Parametrix, and DKS Associates) employ staff that focus part of their time on bicycle issues. However, none of these firms were able to estimate how much revenue is generated by the bicycle-specific portion of their projects. Five to 10 professionals at the City of Portland have a significant share of their job related to bicycle planning, implementation, and promotion; their jobs but not salaries were included.

Portland's bicycle-friendly reputation attracts planners and designers worldwide to tour Portland's infrastructure. City staff, consultants, and advocates lead out-of-town guest tours on an almost weekly basis; no estimates of expenditures have been included in this report.

The creative sector is represented by a few enterprising individuals making bike-themed cards, blogs, cycling apparel, and other crafts. They represent a part of the work-force that chooses Portland for its bicycle-friendly attitude, appealing lifestyle, and reasonable cost of living.

Portland also has a number of service-sector industries (bars, restaurants, and coffee shops) that make a significant amount of their revenue from bicycles. However, this report does not include the revenues from these businesses.

"We had a \$70,000 budget in 1995, and 1.5 staff. We now have roughly 14 staff. We receive contracts and grants because we are the nation's leading bike city, and we are the experts based in that city. It is also good for other businesses, who move here because of our reputation."

- Evan Manvel, Bicycle Transportation Alliance

"People love that we deliver on bike, great PR for us. Individuals that bike have loyalty; we have been featured on two national TV shows because of our bike delivery. Our growth has in large part been due to people that bike."

- Restaurant owner

"The [bicycle-friendly] reputation inspired me to move here from the East coast because I wanted to be part of the bike culture."

- Shaun Deller, bicycle clothing designer

"Businesses and firms in Portland are more willing to use an all-bike delivery service, and really count on it, than anywhere else we've ever worked (cities like Dallas, Boston, San Francisco and Columbus to name a few). Where the companies in these cities wrote off an all-bike delivery service, Portland has gone the extra mile to make us welcome and successful."

- Bike Courier business, with 30% increase in business since 2004

What Portland Can Do for Small Businesses

Most businesses surveyed reported that Portland's efforts to make the city safe and accessible for bicycles should continue. A few gave specific suggestions for neighborhood improvements. One bike shop said that the lack of sales tax helps them sell bikes because people from Washington and California come here to purchase large-ticket items. A medium-sized bicycle shop wishes the city would work more closely with second-hand retailers to help solve the problem of bike theft, while another retailer requests the city evenly apply the requirements for second-hand retail licenses.

Conclusion and Next Steps

The total estimated impact of bicycling on Portland's economy is close to \$63 million, with a growing number of jobs and revenue. Significant growth is occurring in all sectors, with burgeoning activity in the manufacturing areas of high-end components and bicycles, as well as in the tourist industry.

Portland's bicycle-friendly reputation is attracting a wide variety of entrepreneurs who are helping fuel this growing economic sector. Job growth has been steady, with the availability of skilled and motivated workers a major attractor to these business owners.

This study should be considered a snapshot in time. Next steps to further this research would include:

- Focus group meetings with business owners,
- Continued outreach to large retailers and those that declined to participate,
- Research into those areas for which a more in-depth methodology and analysis is needed,
- Outreach to businesses considering relocating to Portland, and
- Research into estimating other societal benefits (e.g., health, congestion, air quality) that are not easily estimated but are clearly providing a significant to residents.

Footnotes

ⁱ The authors apologize if they overlooked any retail establishments.

ⁱⁱ The Community Cycling Center's mission focuses on building self esteem among economically-disadvantaged youth. It is a non-profit organization employing 30 individuals. Its programs include a variety of empowerment activities. The largest portion of their revenue is derived from sales and repair and thus they are included in the retail sector.

ⁱⁱⁱ Seventeen retailers did not respond to this survey. Gross revenue was estimated based on the size of the shop and type of bicycles sold by similar shops.

^{iv} At large sporting good, discount, and toy stores, bikes sell for \$95-\$120 per bike on average, versus \$619 per bike at specialty shops), with the estimated dollar value of bicycles and accessories sold at specialty bike shops accounting for 79%, and the large retailers at 11%.

^v Center for Research on Economic and Social Policy. (2000). *Bicycling and Walking in Colorado: Economic Impact and Household Survey Results*. University of Colorado at Denver, CO: Author. Prepared for the Colorado Department of Transportation Bicycle/Pedestrian Program. Available at <http://www.dot.state.co.us/BikePed/BikeWalk.htm>. In addition, we conducted interviews with representatives from the National Bike Dealers' Association and local bike shops.

^{vi} A complete bibliography of relevant studies is on file with the City of Portland, Transportation Options. Studies specific to the question of per person expenditures on rides and events include:

- North Carolina Department of Transportation, Division of Bicycle and Pedestrian Transportation. (2004, July).
- Pathways to Prosperity: The Economic Impact of Investments in Bicycle Facilities, A Case Study of the North Carolina Northern Outer Banks and Rails-to-Trails Conservancy. (1999)
- Economic Benefits of Trails and Greenways. Retrieved December, 2002, from Trails and Greenways Clearinghouse website: http://www.trailsandgreenways.org/TAG_Documents/FactSheets/pdf/11.pdf. [Rails-to-Trails Conservancy. \(1993\).](http://www.trailsandgreenways.org/TAG_Documents/FactSheets/pdf/11.pdf)
- Rails-to-Trails Conservancy. (1993). Economic Benefit of Rail-Trails: a Fact Sheet.
- Maryland Department of Transportation. (1994). Analysis of Economic Impacts of the Northern Central Rail-Trail.
- Maine Department of Transportation. (2001). Bicycle Tourism in Maine: Economic Impacts and Marketing Recommendations. <http://www.state.me.us/mdot/opt/biketours/biketours.htm>.
- Bicycle Federation of Wisconsin. (2005). The Economic Impact of Bicycling in Wisconsin.
- Pennsylvania Economy League, Inc. and Stephen Farber, Ph.D. (January 1999). An Economic Impact Study for the Allegheny Trail Alliance. Available from the Pennsylvania Economy League, Inc., (412) 471-1477.
- R.L. Moore & K. Barthlow (1998). The Economic Impacts and Uses of Long-Distance Trails. Raleigh, NC: North Carolina State University, Department of Parks, Recreation and Tourism Management. Prepared for United States Department of the Interior, National Park Service.
- National Bicycle and Pedestrian Clearinghouse. (1995). The Economic and Social Benefits of Off-Road Bicycle and Pedestrian Facilities. Retrieved December, 2002, from International Mountain Biking Association website: http://www.imba.com/resources/science/econsoc_benefits.html.

^{vii} We have counted all the rides sponsored by the various groups based on their published schedules. Dollar amounts were derived using a conservative range based on information from the studies listed above and speaking with several tour leaders. Methodology is calculations of \$1-\$10 (food, incidentals) per person on small/short rides (under 20 people), \$10-\$15 on medium-sized rides (20-100 people), and \$25-\$250 per person (food, lodging, incidentals) on larger/longer rides (over 100 riders). The bulk of the riders for the almost daily rides (over 1800 rides) are in the short/small ride category, while the fewer but larger rides have out-of-town guests who also spend money on lodging.

^{viii} Four courier companies did not respond; their income is estimated to be an average of the agencies that provided information.

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