



Bureau of Planning and Sustainability  
Innovation. Collaboration. Practical Solutions.

---

## MEMO

**DATE:** April 27, 2016

**TO:** Mayor Hales and City Council

**FROM:** Tyler Bump, Senior Economic Planner  
Steve Kountz, Senior Economic Planner  
Tom Armstrong, Supervising Planner

**CC:** Susan Anderson, Director

**SUBJECT:** Portland and Pattern Area Retail Demand and Sales Analysis

---

This memo is a follow-up to the retail leakage analysis issues raised in the April 22, 2016 testimony from Eric Hovee on behalf of the Retail Task Force and the International Council of Shopping Centers.

In consideration of the Hovee rebuttal, BPS still does not support amending the EOA analysis with this new retail leakage for two reasons:

1. The retail leakage analysis is not significantly different from what is in the EOA and does not materially change the findings of the EOA - there is a large surplus of neighborhood commercial development capacity in terms of sites sizes and locations throughout the City of Portland.
2. Hovee is misinterpreting the requirements of Goal 9. It requires demonstrating adequate capacity for industrial uses specifically and for the widest range of other employment (non-industrial) uses - not for the widest range of retail, as suggested. The City has done that by analyzing the need for Central City, Campus Institutions and Neighborhood Commercial capacity.

The City does not have to create an even-more complex, detailed analysis that looks at the supply and demand for large-format, auto accommodating, value-oriented retail with drive-throughs. The EOA includes a parcel size analysis for neighborhood commercial uses that shows surplus capacity across a range of parcel sizes across Portland. This level of detail is sufficient to comply with Goal 9.



City of Portland, Oregon | Bureau of Planning and Sustainability | [www.portlandoregon.gov/bps](http://www.portlandoregon.gov/bps)  
1900 SW 4th Avenue, Suite 7100, Portland, OR 97201 | phone: 503-823-7700 | fax: 503-823-7800 | tty: 503-823-6868

*Printed on 100% post-consumer waste recycled paper.*

## Retail Leakage

The April 22 Hovee memo asked BPS staff to provide a comparison of the overall retail sales leakage. Table 1 provides that analysis. Analysis of ESRI Business Analyst Data indicates that there is significantly less total retail leakage occurring in East Portland than identified in the Nielsen data. BPS has identified an 18% retail leakage using the ESRI Business Analyst Data compared to 48% leakage identified by Hovee using the Nielsen data.

Specifically, it is the outer Lents/Pleasant valley sub-market in the Eastern Pattern area represents 57 percent of total leakage in East Portland. This is the area where BPS applied commercial zoning as part of the 122nd Avenue Rezoning Project.

**Table 1. Comparison of Retail (all categories) Leakage**

	<b>Hovee (Nielsen data)</b>	<b>BPS (ESRI Business Analyst data)</b>
<b>Citywide</b>	9% gap	10% surplus
<b>Eastern</b>	48% gap	18% gap
<b>Western</b>	61% gap	82% gap
<b>Inner</b>	38% gap	38% gap
<b>Central City</b>	223% surplus	308% surplus

## Buildable Land Inventory

The April 22 Hovee memo notes a specific concern for neighborhood commercial development capacity in the 3-10 acre parcel size. Table 2 splits the “greater than 3 acres” category into two categories - 3-10 acres and greater than 10 acres. The analysis shows about 45% of the capacity greater than 3 acres is in the 3-10 acre category and there is a reasonable distribution across the pattern areas for both 3-10 acre and greater than 10 acre categories parcel sizes.



**Table 2 Neighborhood Commercial Development Capacity by Pattern Area**

Pattern Area	Parcel Size			Total	Share
	Less than 3 acres	3-10 acres	More than 10 acres		
Eastern Neighborhoods	230	146	129	505	37%
Inner Neighborhoods	455	69	40	564	41%
Western Neighborhoods	66	31	33	131	10%
Industrial & River	22	24	114	160	12%
	773	270	316		

## Conclusion

The retail leakage analysis is only one factor that is considered along with job growth, sector trends, development trends, business focus group insights, small business vitality, and complete neighborhood strategy. The EOA demonstrates that there is a more than adequate land supply to meet future employment growth in the Neighborhood Commercial geography. The EOA is a background document that provides the context for the Comprehensive Plan policy and map decisions to create a hierarchy of centers and corridors that increase access to complete neighborhoods, including access to commercial services and healthy food.

