

A statistical snapshot of some of the numbers relevant to central Portland's economic health

Jobs

- Nature of jobs in the central city – despite a similar total number of jobs in 1988 and today, the make up of those jobs has changed as the economy has shifted dramatically from manufacturing-based to construction and service-oriented.
- **Jobs in the overall Portland region have grown 12%** – between 1997 and 2007, to over one million jobs.
- **Jobs specifically in central Portland have remained at approximately 122,000** – from 1988 up to and including the latest numbers available to 2007. But with the region's total jobs growing, central Portland's current 13% share is a drop from 15% in 1988.
- **Approximately 4,200 business and government entities are located in the central city** – a gain of about 5% since 2001.
- **Business sectors** – the numbers of establishments in most business categories declined since 1998, with the exception of education/health services (up 4%) and hospitality/entertainment (up 7%).
- **Largest employers** – five of the top ten downtown employers in 2006 were public entities (including Portland State University) – see box at right.
- **Largest companies** – five of the top ten public companies in the metro area (as ranked by market value) are located in central Portland; two of these are Fortune 1000 companies are (Precision Castparts and Stancorp Financial).
- **Largest business employer citywide** – Oregon Health & Science University (which is also fourth largest business

employer in the state) is currently expanding into the South Waterfront area of central Portland.

Office Space

- **Total amount of office space** – about 25 million SF of central city office space existed in 2004, vs. 14 million SF in 1988 – an increase of 80% in 16 years.
- **SF new office space** – almost 300,000 SF of new office space is expected to be built in 2007. This follows a period of decline since 2000, when the Fox Tower (with 438,000 SF of office) was completed.
- **Vacancy rates** – slightly lower in central city compared to the region overall (13% vs. 14%).
- **Ratio of Class A space vs. Class B & C** – more than half the central city office space is categorized as Class A, the most well-appointed and up-to-date type.

Retail

- **Retail** – a continual concern because of its key role in the Portland's economy, providing workers, residents, and visitors alike with food, drink and services.
- **Retail establishments** – have increased by 10% overall between 2001 and 2005, up in 8 of 11 retail subcategories including home furnishings, clothing, food and beverage, personal care/health, and electronics/appliances.
- **Inventory of retail space** – nearly 2 million SF, which accounts for 5% of the regional metro total.
- **Retail vacancy rates** – about 12% in 2006, which is an im-

Where are the most jobs downtown? Top 10 employers

State of Oregon (including Portland State Univ.)
City of Portland
U.S. Federal Government
Standard Insurance Company
Regence Group (BlueCross BlueShield)
Multnomah County
U.S. Post Office
Portland Trail Blazers/Oregon Arena Corp.
US Bank
Oregonian Publishing Company

provement from 20% three years earlier, yet still high compared to the average 5% regionwide.

- **Retail lease rates** – the cost of renting retail space has dropped 22% between 2003 and 2006, to \$18/SF from \$23/SF. This is below the 2006 regional average of \$19/SF

Opportunities

- **Expansion of educated workforce** – a continuing influx of young, college-educated people are moving to Portland area.
- **Land development capacity** – there appears to be enough “zoned capacity” in the Central City Plan area to accommodate projected growth for at least the next two decades; some 400 acres are vacant or underutilized.
- **New office development** – are in proposal or construction stage. (See the boxed list to right.)
- **Renovations and new development in Skidmore/Old Town area** – including renovations of Fire Station 1, White Stag block, and Smith block, and relocation of Saturday Market to Waterfront Park.
- **Existence of some large, multi-block sites** – including vacant or underutilized sites in the Lloyd and North Pearl Districts, and the Central Post Office site, which could over the long-term relocate its facilities.
- **Local and regional access** – transportation into and within central Portland and downtown is arguably the best in the metro region, with many travel options provided and being improved upon, such as the light rail and streetcar line expansions.
- **National/global access** – increase in international and cross-country air travel service, with Portland’s airport linked by light rail to the downtown, and the airport served by 17 carrier and charter airlines. This includes several international airlines with direct flights to such cities as Tokyo, Guadalajara, Mexico City, Frankfurt, and Vancouver, B.C.
- **International profile rising** – China and other parts of Asia are becoming increasingly aware of Portland’s business and real estate investment opportunities and other economic activities.
- **Tourism** – has been strong in recent years. The 2006 central Portland hotel occupancy rate of 75% was five points higher than the region and 11 points higher than the national average.
- **Amenities and attractions** – central Portland has a competitive advantage in the region (and beyond) by offering a unique and appealing combination of assets for residents, workers and visitors alike – such as vibrant local and national retail, new boutique hotels, riverfront access, new and enhanced parks and fountains, and growing educational and cultural institutions.
- **Special business niches being developed** – sports apparel and gear, animation, wind power – these and other specialties are being targeted for further expansion as business “clusters.”
- **Business services** – are located in proximity to legal and financial operations in the central city core and therefore offering geographical efficiency.

2007 SNAPSHOT OF NEW OFFICE DEVELOPMENT

- **Zimmer Gunsul Frasca tower in West End (SW 12th)** – the large downtown architecture firm is designing a tower in which it will consolidate its own offices as well as include below-grade parking, and condos on upper floors
- **1st and Main SW** – Shorestein Properties is building a tower without the pre-leasing of office space that developers usually require before they begin construction of a project
- **Park Avenue West mixed use tower** – on Park Avenue between Morrison and Alder (where Zell Bros. Jewelers and the Virginia Cafe currently stand), TMT Development will build office, parking, retail ground floor, and housing
- **Mercy Corps** – renovating and adding to the historic Skidmore Building in Old Town/Chinatown for their global headquarters
- **Pearl District Safeway** – a two block project mixing retail, parking, offices and condos
- **“East Pearl” (EP) Project in Old Town/Chinatown** – converting a storage warehouse at NW 2nd and Glisan into office/restaurant/penthouse
- **LA Fitness/Offices** – NW 14th in the Pearl District
- **Burnside Bridgehead project** – eastside of Willamette
- **OHSU South Waterfront Campus** – preliminary master plan of new buildings includes 2 million SF

Expansion of higher education facilities in central Portland

- **Portland State University (PSU)** – has been expanding its facilities and offerings, and is projecting an upward growth rate.
- **Oregon Health and Science University (OHSU)** – is growing, with parts of its new South Waterfront campus in early construction stages, and much more expansion of its facilities and offerings being planned for that area.
- **Oregon Graduate Institute (OGI)** – is merging with OHSU, as part of a seven-year plan to move its facilities from outside of central city to the new South Waterfront district. The new space will accommodate 155 full-time students and bring 162 new jobs to central Portland.
- **University of Oregon’s Portland Center** – is expanding its presence in downtown, renovating the White Stag block and two adjacent buildings.
- **Pacific Northwest College of Art (PNCA)** – has been expanding its offerings in the Pearl District, and has recently received a \$15 million gift, most of it earmarked for programmatic improvement, some to contribute to a major capital campaign for new campus in central Portland or expansion at their current location in the Pearl District.

Challenges

- **Local/regional image or perception of lack of safety as compared to regional suburbs** – though in fact central Portland’s crime rate is favorable compared to other U.S. cities of similar size, with property crimes decreasing 15% from 2005 to 2006, and overall violent crime in that period rising less than one-third of one percent. This compares to an average overall 1.3% rise (and only 3% drop in property crimes) in similarly-sized cities nationwide.
- **Continuing competition from suburban office centers** – which offer similar lease rates, abundant free parking and lower business license tax, creating what businesses perceive as “bottom-line advantages.” An example is the robust office market in Kruse Way, which rivals downtown as the most prestigious business address in the state.
- **Perception of higher cost of doing business than in local suburbs** – through charges such as higher business license fees.



The variety of national and local retailers locating in the new Pearl District neighborhood are drawing people in from all over the region

- **Retail energy shifting north to Brewery Blocks/Pearl District** – destination retail stores entering the Portland market north of the downtown retail core present an opportunity, yet could also sufficiently dilute the market as to threaten the viability of the traditional downtown core.
- **Increasing retail competition from suburban “lifestyle centers”** – new shopping centers which mimic the downtown shopping experience, luring not only customers but also retailers who once were located only in the downtown core.
- **Perception that small, local businesses and large or nationally-owned businesses cannot coexist to the benefit of all** – how to mediate the perceived conflicts in scale or ownership of businesses, including the contrast between big box retail and smaller stores, or between national chains and locally-owned shops unique to Portland.
- **Relatively small development sites** – 200’ typical block size limits larger uses such as large-floor retail or office “campuses,” while the logistical complications of land assembly further contribute to the relative scarcity of large floorplates.
- **Parking** – supply and cost are viewed negatively in comparison to the potentially unlimited amount of free parking available in suburban sites, despite the fact that the average cost of parking in downtown Portland in 2006 was \$12.50/day vs. the national average of \$15.28/day, and despite regional strategies intended to balance parking and transit across the region.
- **Venture capital and academic research funding** – many ideas originating in central Portland end up leaving the city, and even the state, to find funding for further research and development. While Portland is above average for U.S. cities in its rate of venture capital funding, it is far below that of leaders such as the Bay Area (17 times Portland’s rate), Boston, Austin, or Raleigh-Durham.
- **Lack of Fortune 1000 companies** – Stancorp Financial and Precision Castparts are the only two such companies located in central Portland, with others having moved out over the years.
- **Continued reinvestment in downtown** – as Tax Increment Financing dollars get expended, a sustainable financing option needs to be addressed for the continued reinvestment effort in the downtown.



The University of Oregon is renovating the historic White Stag Block for its Portland programs.

Key Questions:

Regional role

- How can central Portland employment reestablish and maintain a competitive advantage over other employment locations so that it keeps its proportionate share of regional job totals?

Economic drivers

- What are the top two or three industry “clusters” that hold especially strong potential for growth and success in central Portland, and how can we foster their development?
- How can central Portland best capitalize on the opportunities provided by the aggressive expansion plans of both OHSU and PSU?
- What can we do to enhance central Portland’s role in the international economy and with businesses that sell their products outside of this region?

Industrial districts

- What is the future of industrial and manufacturing activities in central Portland?
- Should we consider changes to the protections of land being used for industry in the Central Eastside?

Retail

- What is the role of big-box retail in central Portland? Can it coexist with or complement smaller retail establishments, by adding to the critical mass of retail in a district?
- Does the emergence of the vibrant new Brewery Blocks retail area in the Pearl District threaten to dilute the strength of the Pioneer Square area downtown retail core by creating multiple retail centers?
- How can we ensure that the downtown retail core remains healthy over the long term?
- Should we reconsider the current policies that support expansion of the traditional retail core east to Waterfront Park?

Where to go for more information

Information for this assessment of economic and jobs issues has been culled from many sources, including the following:

- Johnson & Gardner, *Central City Briefing Book*
- Portland Business Alliance (PBA), *Downtown Business Census & Survey* (2006)
- Pacific Security Capital Information, 2nd Quarter Info (2006)
- U.S. Census Bureau, *American Community Survey* (2003)
- Texas Transportation Institute, *2005 Urban Mobility Report @ <http://mobility.tamu.edu/ums/report/>*
- Colliers International, *Cost of Parking on the Rise for Third Consecutive Year (7/06) @ <http://www.colliers.com/Markets/USA/News/2006ParkingRelease>*