

## Memorandum

**Date** 6 February 2017  
**To** Marcy McInelly, Urbsworks  
**From** Ted Kamp and Chris Zahas, Leland Consulting Group  
**Subject** Market Opportunities Assessment DRAFT  
**Project** King City Concept Plan

# King City Market Analysis Outline

## BACKGROUND

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### Project/Task:

As part of a broader planning effort led by Urbsworks and the City of King City, Leland Consulting Group was retained to provide input on the market, economic and real estate considerations important to the successful development of an approximately 525-acre tract of land under consideration for inclusion in the City's urban growth area (UGA).

The specific role of this analysis is to establish a realistic program of housing (including senior), neighborhood commercial and employment development for the study area, consistent with market preferences, demographic trends and prevailing conditions for supply and demand across those land use categories. Analysis is intended be high-level, but sufficiently detailed to support preliminary recommendations as to housing type, size, price segmentation and density/land area requirements.

### Method/Inputs:

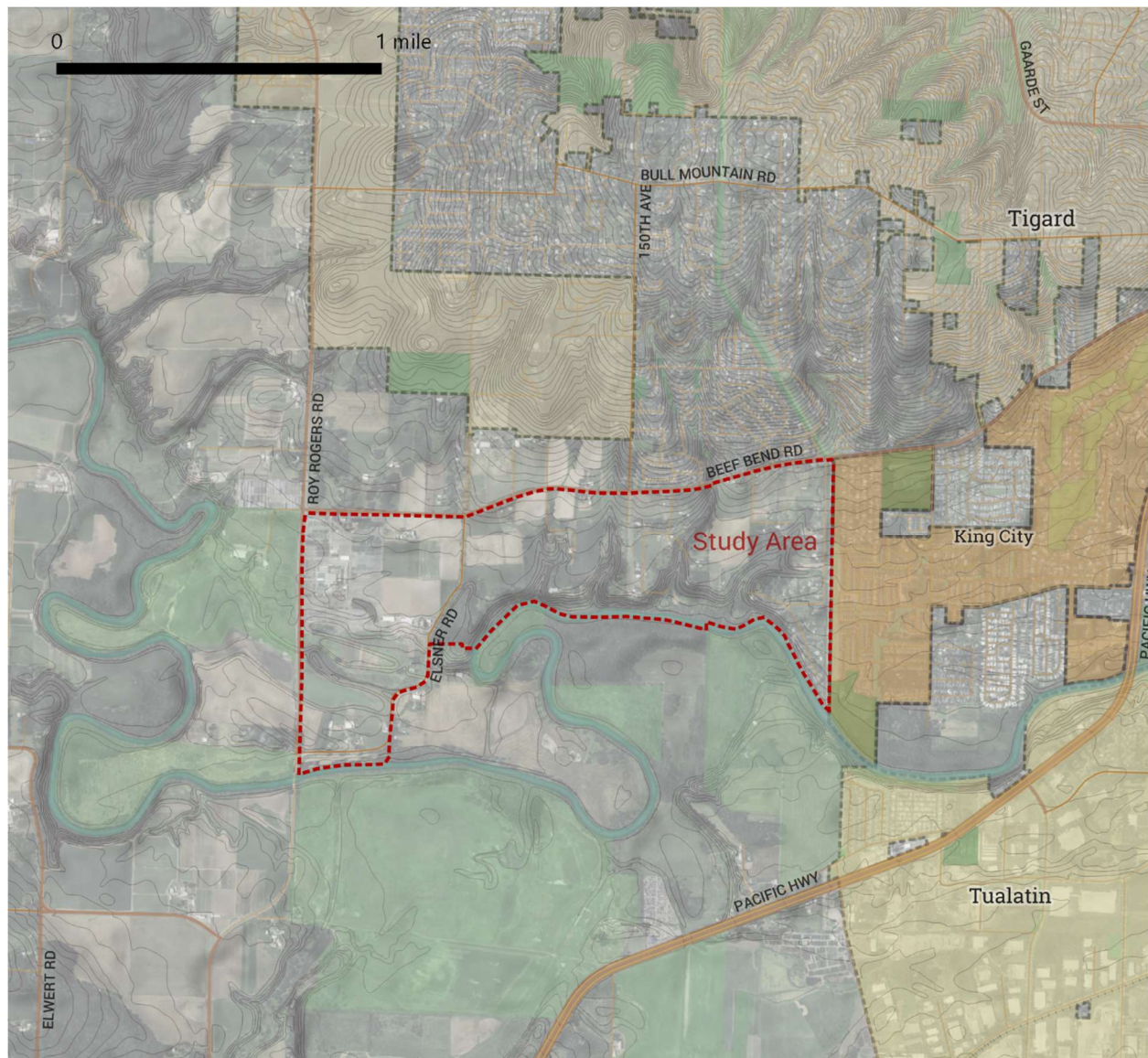
Research draws on a variety of quantitative and qualitative inputs, including:

- Analysis of existing (and likely future) site conditions
- City staff and leadership comments from September 2016 kickoff meeting
- Relevant economic and demographic indicators and trends
- Residential and commercial development trends and pipeline activity (including pricing, absorption, occupancy, sales volume, etc., as available) for considered land use categories
- Special consideration of generational demographic changes and their relation to housing demand
- Special consideration of opportunities for commercial and/or tourism development in the study area (e.g. wine-county related attractions)

### Study Area:

The Urban Renewal concept area proposed for UGB expansion is shown below...

**Figure 1: Study Area**



## MARKET-BASED SITE ANALYSIS

The ability of the **subject property** to attract redevelopment investment and support successful new land uses will depend in large part on how favorably that property compares to potentially competitive sites in the region. A range of *site-specific* attributes combine to determine a property's potential for market competitiveness, with differing levels of importance typically found across major development types.

Because of the large study area size, many of the attributes considered may vary significantly across the overall site. This internal variety can inform site planning decisions such as phasing and the configuration of different land uses and densities.

**Table 1: Site Analysis/Market Competitiveness Summary**

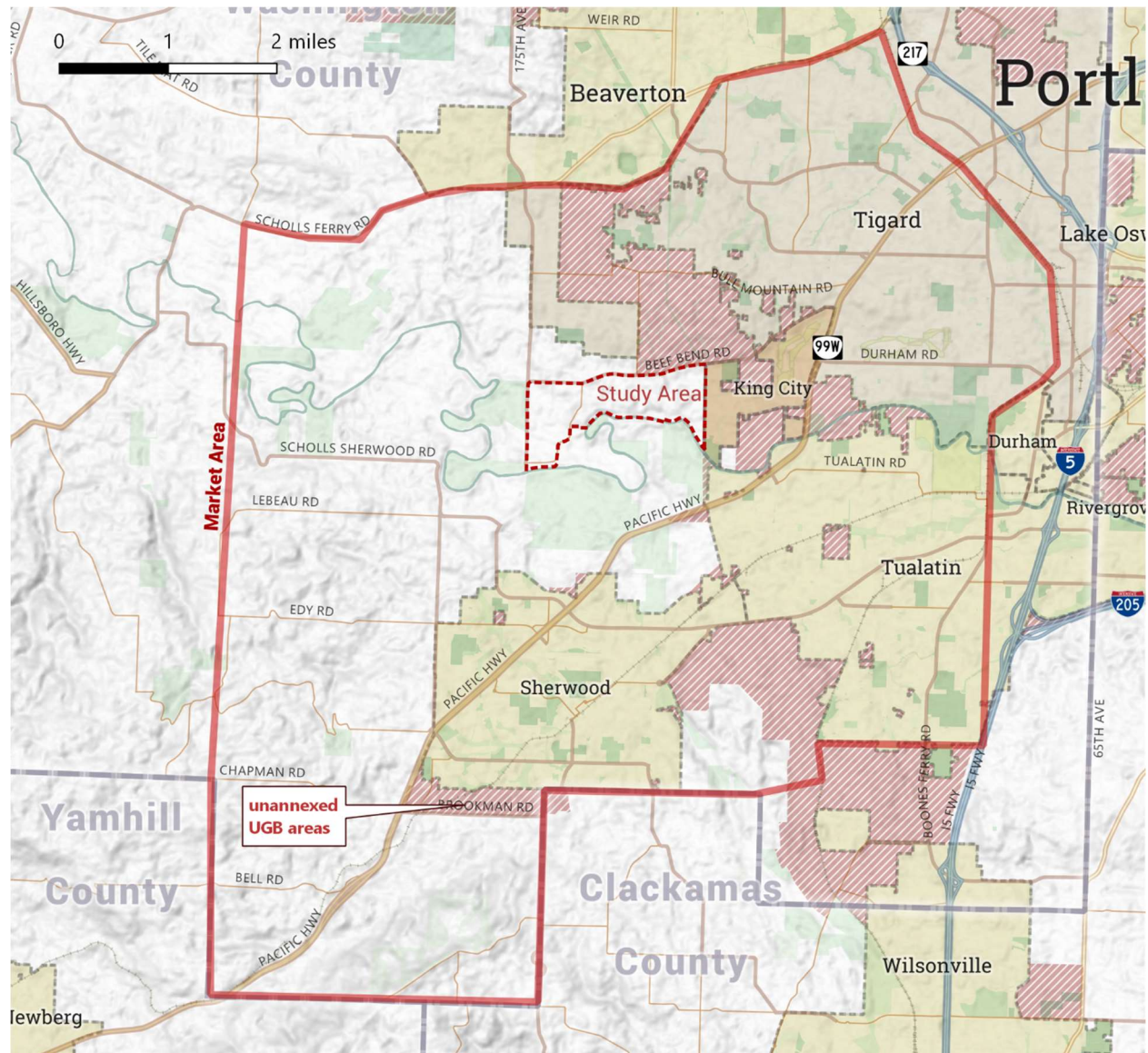
Attribute	Site Notes
<b>Proximity to Employment</b>	While a morning commute may be one hour to downtown Portland and over 30 minutes to downtown Beaverton, the site is very convenient to smaller, but significant employment concentrations in Tualatin, Tigard and in Wilsonville to the south. Lack of nearby office employment will make new office development on the site highly unlikely during the buildout period.
<b>Proximity to (Other) Households</b>	When built, the subject property will be near other residential development to the east (existing King City, Tualatin) and north (Tigard, including major new development at River Terraces). Development to the west is likely to remain rural and sparsely populated due to the urban growth boundary. This will constrain the retail development possibilities for commercial considered along Roy Rogers Rd., despite increased traffic on that street.
<b>Proximity to Shopping, Dining, Schools</b>	An aging but functional cluster of neighborhood & community scale retail lies at the eastern edge King City, beyond walking distance but convenient by car. Regional retail is reasonably convenient by car, four miles east at Bridgeport Village and five miles north at Washington Square in far-north Tigard. Local schools perform well.
<b>Visibility</b>	Visibility is primarily important for any retail (and related commercial uses). Businesses located along Roy Rogers Rd. would be visible easily from that road. Beef Bend Rd. is elevated relative to the site and would afford superior views of properties to the south.
<b>Access</b>	Roy Rogers Rd. provides convenient northbound access, allowing some bypassing of I-5, at least until cutting over at Scholl's Ferry. East-west access would be dependent on Beef Bend Rd. until another east-west street can be built between the river and Beef Bend. Ped/bike access and amenities are currently poor in King City, but could improve with investments in trails.
<b>Traffic Volume</b>	Site-adjacent traffic is highest along Roy Rogers Rd. at approximately 20,000 vehicles per day (5,000 per day on Beef Bend). This balance of traffic flows makes Roy Rogers frontage (or at least strong signage and access) a likely prerequisite for retail development on the subject property.
<b>Neighboring Land Uses</b>	Although the site vicinity will evolve somewhat from its current semi-rural state over the course of subject build-out, its location between existing low- and even medium-density development in King City to the north and Tigard to the east should be generally compatible with residential and modest commercial development considered here.
<b>Site Aesthetics</b>	The site in general has very good to excellent visual attributes, with classic semi-rural Pacific Northwest appeal. Scenic vistas to the south and west are best from the northernmost parcels on the site, with as much as 100 feet in elevation difference relative to riverfront land on the south side of the subject. Depending on design possibilities relative to riparian land, properties along the southern site could compensate for restricted vistas by adding value through direct riverfront appeal.



## MARKET AREA DEFINITION

Here we define a regional market area likely to compete with study area across key development types. In the case of neighborhood retail, this market area should also encompass likely sources of household spending support. The *study area* (subject property) will capture some portion of the growth likely to take place across this broader defined *market area* geography

**Figure 2: Market Area for Competing Development and Retail Support**



## MARKET AREA DEMOGRAPHIC PROFILE

This section discusses demographics and market conditions within the market area as compared to Washington County, the Portland metro, and the nation.

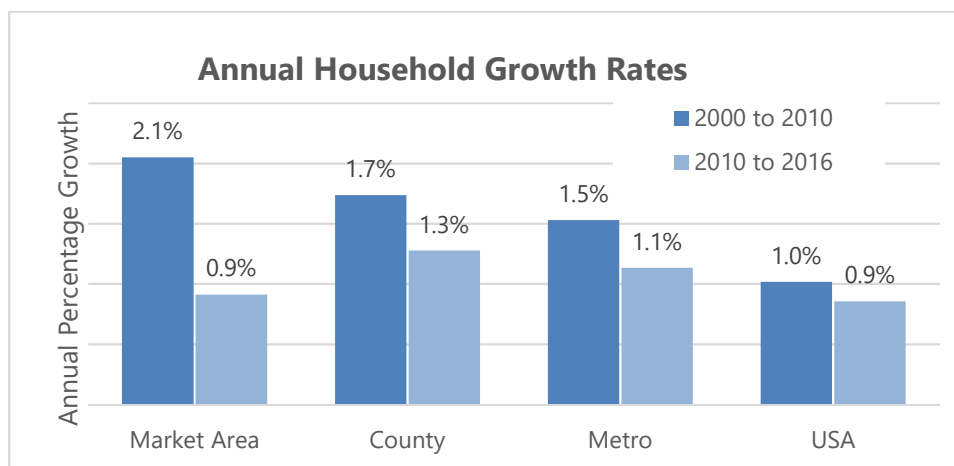
**Table 2: Population, Households and Historical Growth Comparisons**

	Market Area	County	Metro	USA
Population - 2016 est.	97,095	569,215	2,372,802	323,580,626
Households - 2000	28,891	169,165	745,531	105,480,101
Households - 2010	35,391	200,934	867,794	116,716,292
Households - 2016 est.	37,034	214,088	918,063	121,786,233
2000 to 2010	2.1%	1.7%	1.5%	1.0%
2010 to 2016	0.9%	1.3%	1.1%	0.9%

Source: ESRI (based on U.S. Census data) and Leland Consulting Group

As shown in Table 2, the market area has approximately 97,000 residents living in just over 37,000 households. From 2000 to 2010, market area household growth was faster than the county or metro area, at more than double the national annual rate. Since 2010, market area growth has slowed to match the national average, while county and metro growth have tempered to a lesser degree.

**Figure 3: Household Growth Rate, Market Area and Comparisons**



Source: ESRI (based on U.S. Census data) and Leland Consulting Group

**Table 3: Household Estimates and Projections for Market Area TAZs**

Households			
	2010	2035	CAGR 2010-35
<b>Market Area Total</b>	<b>36,443</b>	<b>54,992</b>	<b>1.66%</b>

Source: Metro Council "gamma series" projections, and Leland Consulting Group

\*CAGR=compounded annual growth rate

Table 3 shows Metro household estimates and projections for traffic analysis zones (TAZs) lying within the defined market area boundary. The overall growth rate between 2010 and 2035 is expected in this model to average 1.7% annually<sup>1</sup>. For the residential and retail demand projections later in this report, we apply this 1.7 percent rate, as it appears supported by both Metro projections and recent (2000 to 2016) historical growth.

**Table 4: Housing Characteristics (HH size, home ownership, family orientation)**

	Market Area	County	Metro	USA
<b>Average Household Size (2016)</b>	2.61	2.63	2.54	2.59
<b>"Traditional" Families</b> (husband+wife+related kids)	28%	26%	22%	22%
<b>Single-person Households</b>	25%	25%	27%	27%
<b>Renter Households (2016)</b>	32%	40%	39%	33%

Source: ESRI (based on U.S. Census data) and Leland Consulting Group

**Table 5: Households by Size, Market Area vs. Comparisons (2010)**

	Market Area	County	Metro	USA
<b>1-person</b>	25%	25%	27%	27%
<b>2-person</b>	33%	33%	34%	33%
<b>3-person</b>	17%	17%	16%	16%
<b>4-person</b>	16%	15%	13%	13%
<b>5+ person</b>	9%	11%	10%	11%

Source: ESRI (from US Census Data) and Leland Consulting Group

As Table 4 shows, household sizes in the market area are generally comparable to the county as a whole. Both the county and market area skew towards having fewer one-person households and more four-person households, proportionally, versus metro or national figures.

**Table 6: Population by Age Group, Market Area and Comparisons**

Age in 2016	Market Area	County	Metro	USA
<b>0 - 4</b>	6%	7%	6%	6%
<b>5 - 9</b>	7%	7%	6%	6%
<b>10 - 14</b>	7%	7%	6%	7%
<b>15 - 24</b>	12%	13%	13%	14%
<b>25 - 34</b>	12%	15%	15%	14%
<b>35 - 44</b>	15%	15%	14%	13%
<b>45 - 54</b>	14%	13%	13%	13%
<b>55 - 64</b>	13%	12%	13%	13%
<b>65 - 74</b>	8%	7%	8%	9%
<b>75 - 84</b>	4%	3%	4%	4%
<b>85 +</b>	2%	2%	2%	2%

Source: ESRI (based on U.S. Census data) and Leland Consulting Group

Residents of the market area generally follow county and national age distributions, but with slightly lower proportions of teens and young adults aged 15 to 34.

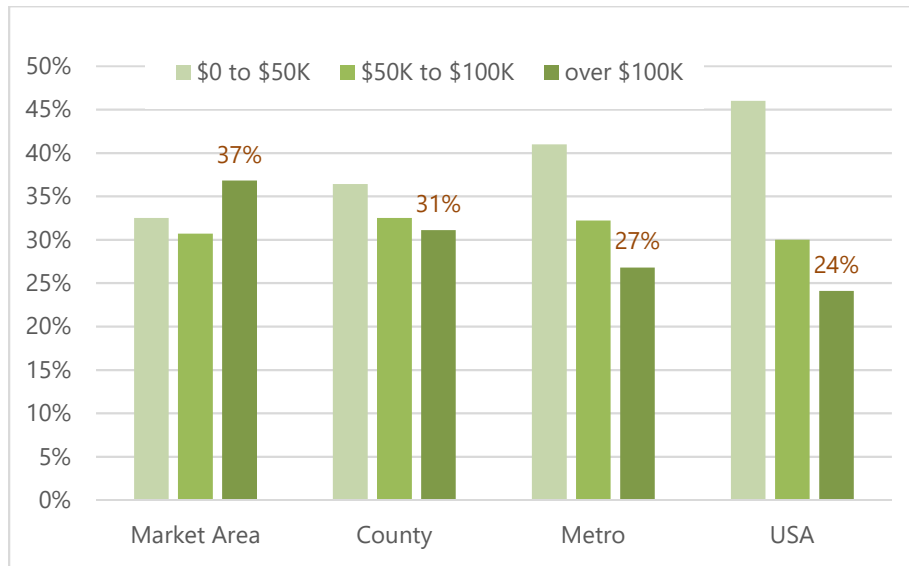
**Table 7. Income and Education Characteristics, Market Area vs. Comparisons (2016)**

	Market Area	County	Metro	USA
Median Household Income	\$76,459	\$67,221	\$60,063	\$54,149
Average Household Income	\$96,299	\$87,768	\$81,160	\$77,008
Incomes above \$150K	15.9%	13.3%	11.1%	10.7%
Average Income as Percent of Median Income	126%	131%	135%	142%
Incomes below \$25K	14%	15%	19%	23%
top 10% Household Income	\$189,000	\$185,000	\$179,000	\$176,500
Percent with Bachelor's Degree (age 25+)	44%	41%	36%	30%

Source: ESRI (based on U.S. Census data) and Leland Consulting Group

The market area is comparatively affluent, with median, average and per capita incomes well above national and county figures. As shown in Table 7 and Figure 4, the market area has a considerably higher share of households earning over \$100,000 per year (37%) than all comparison geographies.

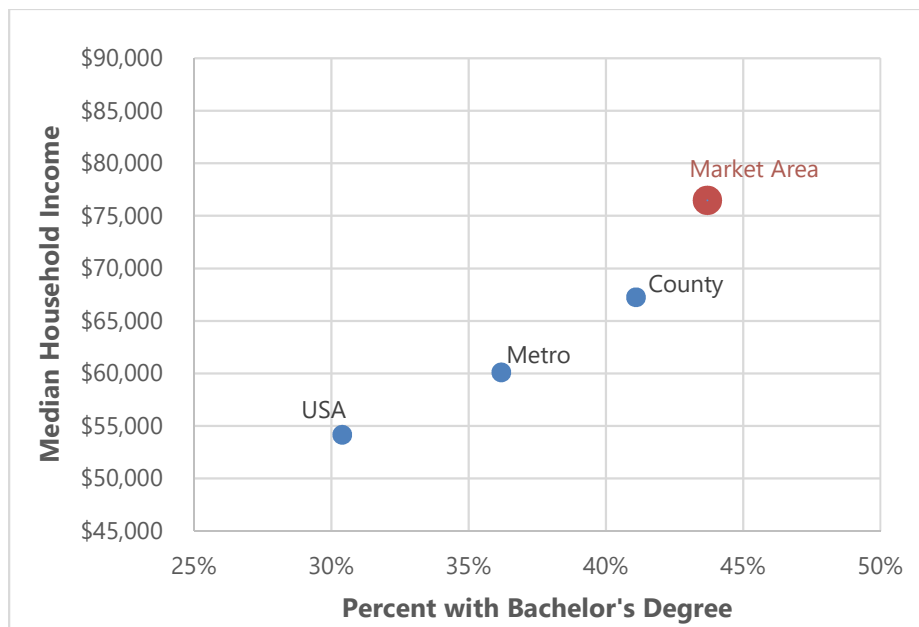
**Figure 4: Distribution of Household Incomes, Market Area vs. Comparisons (2016)**



Source: ESRI (based on U.S. Census data) and Leland Consulting Group

Figure 5 shows educational attainment paired with median incomes, with the market area leading in both categories.

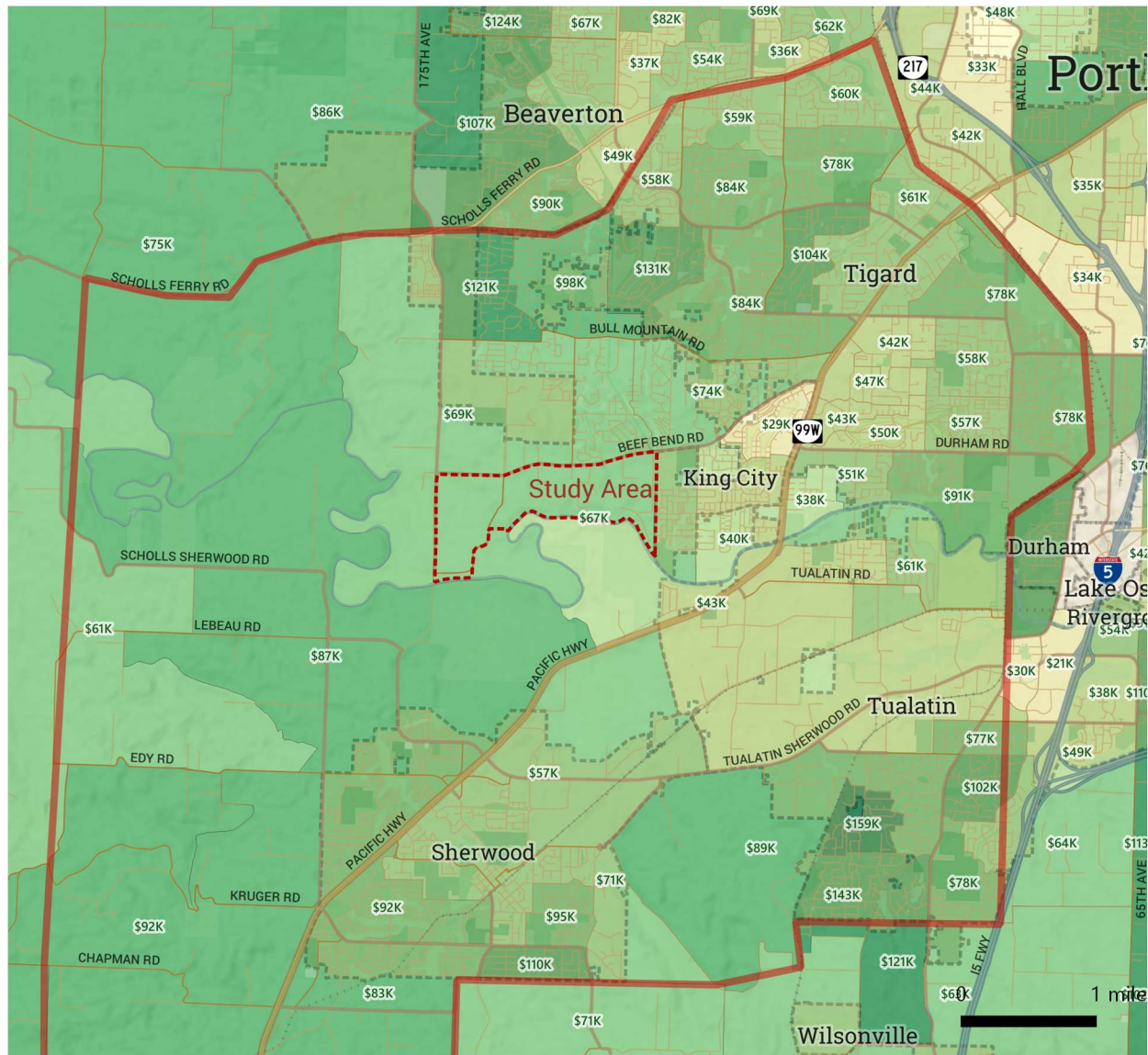
**Figure 5: Income by Educational Attainment**



Source: ESRI (based on U.S. Census data) and Leland Consulting Group



**Figure 6: Median Household Income by Census Block Group, 2014**



Source: US Census/ACS 2014, and Leland Consulting Group

## Lifestyle/Psychographic Segments

Psychographics is a term used to describe characteristics of people and neighborhoods which, instead of being purely demographic, measure their attitudes, interests, opinions, and lifestyles. **ESRI** has developed a widely-used proprietary system, Tapestry™, for categorizing U.S. neighborhoods into 65 different market segments based on demographic, lifestyle, and consumer traits.

The market area is more diverse than many suburbs, especially in terms of income and lifestage influences, with seven different Tapestry segments needed to represent less than three-quarters of area households.

**Figure 7: Market Area Households by Tapestry Segment, Showing Comparison to US**

Tapestry Segment	Market Area	US	
			<i>Index to US</i>
<b>Soccer Moms</b>	22.4%	2.8%	8.0x
<b>Bright Young Professionals</b>	12.1%	2.2%	5.5x
<b>Professional Pride</b>	10.7%	1.6%	6.7x
<b>Savvy Suburbanites</b>	8.7%	3.0%	2.9x
<b>The Elders</b>	7.1%	0.7%	10.1x
<b>Middleburg</b>	6.5%	2.8%	2.3x
<b>Boomburbs</b>	6.1%	1.5%	4.1x
<b>Subtotal</b>	73.6%	14.6%	

## Excerpts of Tapestry™ Segment Profiles

### Soccer Moms

#### WHO ARE WE?

Soccer Moms is an affluent, family-oriented market with a country flavor. Residents are partial to new housing away from the bustle of the city but close enough to commute to professional job centers. Life in this suburban wilderness offsets the hectic pace of two working parents with growing children. They favor time-saving devices, like banking online or housekeeping services, and family-oriented pursuits.

#### OUR NEIGHBORHOOD

- Soccer Moms residents prefer the suburban periphery of metropolitan areas.
- Predominantly single family, homes are in newer neighborhoods, 36% built in the 1990s (Index 253), 31% built since 2000.
- Owner-occupied homes have high rate of mortgages at 74% (Index 163), and low rate vacancy at 5%.
- Median home value is \$226,000.
- Most households are married couples with children; average household size is 2.96.
- Most households have 2 or 3 vehicles; long travel time to work including a disproportionate number commuting from a different county (Index 133).

#### SOCIOECONOMIC TRAITS

- Education: 37.7% college graduates; more than 70% with some college education.
- Low unemployment at 5.9%; high labor force participation rate at 72%; 2 out of 3 households include 2+ workers (Index 124).
- Connected, with a host of wireless devices from iPods to tablets—anything that enables convenience, like banking, paying bills, or even shopping online.
- Well insured and invested in a range of funds, from savings accounts or bonds to stocks.
- Carry a higher level of debt, including first (Index 159) and second mortgages (Index 154) and auto loans (Index 151).

## MARKET PROFILE (Consumer preferences are estimated from data by GfK MRI)

- Most households own at least 2 vehicles; the most popular types are minivans and SUVs.
- Family-oriented purchases and activities dominate, like 4+ televisions (Index 165), movie purchases or rentals, children's apparel and toys, and visits to theme parks or zoos.
- Outdoor activities and sports are characteristic of life in the suburban periphery, like bicycling, jogging, golfing, boating, and target shooting.
- Home maintenance services are frequently contracted, but these families also like their gardens and own the tools for minor upkeep, like riding mowers and tillers.

## HOUSING

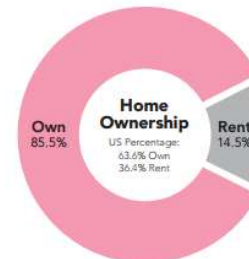
Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.



**Typical Housing:**  
Single Family

**Median Value:**  
\$226,000

US Median: \$177,000



## Bright Young Professionals

### WHO ARE WE?

*Bright Young Professionals* is a large market, primarily located in urban outskirts of large metropolitan areas. These communities are home to young, educated, working professionals. One out of three householders is under the age of 35. Slightly more diverse couples dominate this market, with more renters than homeowners. More than two-fifths of the households live in single-family homes; over a third live in 5+ unit buildings. Labor force participation is high, generally white-collar work, with a mix of food service and part-time jobs (among the college students). Median household income, median home value, and average rent are close to the US values. Residents of this segment are physically active and up on the latest technology.

### OUR NEIGHBORHOOD

- Approximately 56% of the households rent; 44% own their homes.
- Household type is primarily couples, married (or unmarried), with above average concentrations of both single-parent (Index 125) and single-person (Index 115) households.
- Multiunit buildings or row housing make up 55% of the housing stock (row housing (Index 182), buildings with 5–19 units (Index 277)); 44% built 1980–99.
- Average rent is slightly higher than the US (Index 102).
- Lower vacancy rate is at 8.9%.

### SOCIOECONOMIC TRAITS

- Education completed: 36% with some college or an associate's degree, 30% with a bachelor's degree or higher. Education in progress is 10% (Index 127).
- Unemployment rate is lower at 7.1%, and labor force participation rate of 73% is higher than the US rate.
- These consumers are up on the latest technology.
- They get most of their information from the Internet.
- Concern about the environment, impacts their purchasing decisions.

## MARKET PROFILE (Consumer preferences are estimated from data by GfK MRI)

- Own US savings bonds.
- Own newer computers (desktop, laptop, or both), iPods, and 2+ TVs.
- Go online to do banking, access YouTube or Facebook, visit blogs, and play games.
- Use cell phones to text, redeem mobile coupons, listen to music, and check for news and financial information.
- Find leisure going to bars/clubs, attending concerts, going to the zoo, and renting DVDs from Redbox or Netflix.
- Read sports magazines and participate in a variety of sports, including backpacking, basketball, football, bowling, Pilates, weight lifting, and yoga.
- Eat out often at fast-food and family restaurants.

## HOUSING

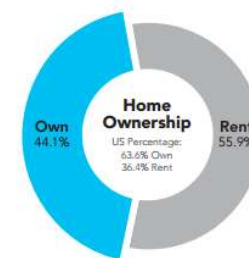
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**Typical Housing:**  
Single Family;  
Multiunits

**Average Rent:**  
\$1,000

US Average: \$990





## The Elders

### WHO ARE WE?

With a median age of 71.8 years, this is Tapestry Segmentation's oldest market. *The Elders* residents favor communities designed for senior or assisted living, primarily in warmer climates with seasonal populations. Most of these householders are homeowners, although their housing varies from mobile homes to single-family residences to high-rise apartments. These seniors are informed, independent, and involved.

### OUR NEIGHBORHOOD

- Suburban periphery of metropolitan areas, primarily in the warmer climates of Florida or Arizona.
- 44% married couples without children; 44% single households; average household size, 1.67.
- Owner-occupied housing units; median home value of \$153,000 (Index 86).
- Housing mix of single-family homes (43%), town homes, and high-density apartment buildings in neighborhoods built from 1970 through 1989.

### SOCIOECONOMIC TRAITS

- Predominantly retirees, *The Elders* has a low labor force participation rate of 21.3%.
- Those who are still in the labor force tend to be self-employed or part-timers, commonly in real estate or the arts.
- Their income derives primarily from Social Security (80% of the households), retirement, or investments (almost half of the households). Less than 30% of the households draw wage/salary income.
- Median household income is lower than the US (Index 68), but median net worth is much higher (Index 273).

### MARKET PROFILE

(Consumer preferences are estimated from data by GfK MRB)

- Vehicles are just a means of transportation, but their first choice is luxury sedans. Most of their cars are older (5+ years).
- They are connected via modems (cable or dial-up) on older PCs or notebooks. However, banking is commonly done in person; shopping is by phone or in person.
- Shopping includes apparel and exercise equipment.
- They are avid readers, with audio books and e-readers. Newspapers and magazines are staples for news and entertainment. Cable TV is also a must, primarily watching news or movie channels, but also golf, travel, and history channels.
- Residents are sociable seniors, partial to a variety of clubs and organizations and generous with their time and support.

### HOUSING

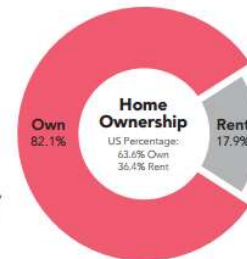
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**Typical Housing:**  
Single Family, High-Rises,  
Mobile Homes/Seasonal

**Median Value:**  
\$153,000

US Median: \$177,000



## Middleburg

### WHO ARE WE?

*Middleburg* neighborhoods transformed from the easy pace of country living to semirural subdivisions in the last decade, when the housing boom reached out. Residents are conservative, family-oriented consumers. Still more country than rock and roll, they are thrifty but willing to carry some debt and are already investing in their futures. They rely on their smartphones and mobile devices to stay in touch and pride themselves on their expertise. They prefer to buy American and travel in the US. This market is younger but growing in size and assets.

### OUR NEIGHBORHOOD

- Semirural locales within metropolitan areas.
- Neighborhoods changed rapidly in the previous decade with the addition of new single-family homes.
- Include a number of mobile homes (Index 152).
- Affordable housing, median value of \$158,000 (Index 89) with a low vacancy rate.
- Young couples, many with children; average household size is 2.73.

### SOCIOECONOMIC TRAITS

- Education: 66% with a high school diploma or some college.
- Unemployment rate lower at 7.4% (Index 85).
- Labor force participation typical of a younger population at 66.7% (Index 106).
- Traditional values are the norm here—faith, country, and family.
- Prefer to buy American and for a good price.
- Comfortable with the latest in technology, for convenience (online banking or saving money on landlines) and entertainment.

## MARKET PROFILE

(Consumer preferences are estimated from data by GfK MRI)

- Residents are partial to trucks, SUVs, and occasionally, convertibles, or motorcycles.
- Entertainment is primarily family-oriented, TV and movie rentals or theme parks and family restaurants.
- Spending priorities also focus on family (children's toys and apparel) or home DIY projects.
- Sports include hunting, target shooting, bowling, and baseball.
- TV and magazines provide entertainment and information.
- Media preferences include country and Christian channels.

## HOUSING

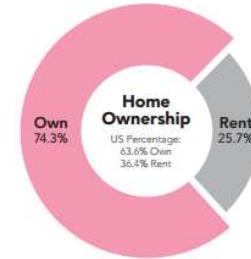
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**Typical Housing:**  
Single Family

**Median Value:**  
\$158,000

US Median: \$177,000



Source: ESRI

## Age/Generational Growth and Housing Demand

Fundamental need for new housing is driven by expected growth among households of varying sizes and family arrangements (and income levels). In the past, this approach to estimating demand was a relatively straightforward exercise based on population-by-age projections. Young adults struck out from their parents' homes in their early 20s, primarily into **apartments**, graduating in their 30s to **starter homes** suitable for small families, then in their 40s and 50s (incomes allowing) into larger and/or costlier **"move-up" homes**. Upon retirement, newly empty nesters would either remain in place or move into smaller, lower-maintenance **downsized** options.

Current trends, however, are resulting in housing patterns that are less easily predictable. What *is* certain is that both nationwide and locally, the coming decade will see a surge in retirement-age householders (Baby Boomers) and in the population aged 25-45 (Millennials), with relatively stagnant growth among Gen X'ers<sup>2</sup> in between. However, the housing needs and wants of the two surging groups is thus far deviating from the usual age-based expectations.

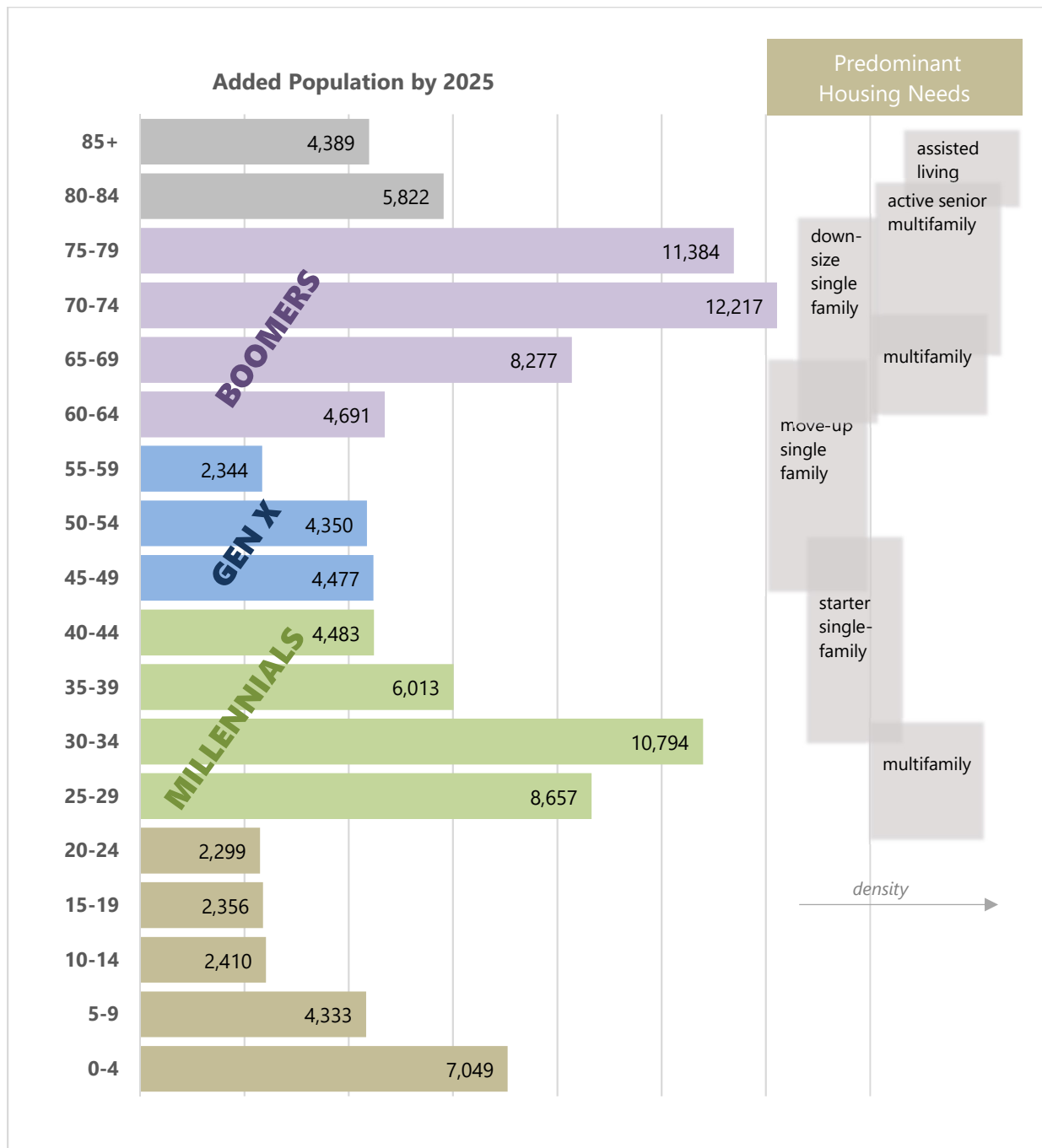
<sup>2</sup> The Portland metro area actually skews higher than the nation on Gen X residents, and as such, will not see as pronounced stagnation as most other markets in the nation.



**Table 8: Millennials and Baby Boomers Housing Comparison**

Millennials	Baby Boomers
<p>Current age 19-35 2016 age: 29-45</p> <ul style="list-style-type: none"> <li>Typically, strong growth in 30-somethings would be a major boost to starter-home demand to accommodate young families.</li> <li>However, in the aftermath of the Great Recession, several factors have changed the equation.</li> <li>Financial difficulties (for both kids and parents) made it more difficult for young adults to strike out and enter the housing market, even as renters.</li> <li>Many Millennials postponed this first rung on the housing life-stage progression to remain “in the nest”</li> <li>Rising debt from student loans and steadily climbing housing costs keep Millennials from accruing savings for potential home-buying, especially in the face of stricter lending.</li> <li>Those who now rent often have larger households due to rent sharing and are caught up in a cycle of rent escalation, low vacancy/choice, and out-of-reach ownership housing prices.</li> <li>Housing in diverse, walkable urban environments has proven popular among Millennials – but experts are divided on how much that is driven by age, versus actual generational difference in preference</li> <li>Emerging consensus is that Millennials will still enter the home-buying market, but much more slowly than expected given the above market realities</li> <li>Gallup polling shows very strong family-starting intentions among this group, but delayed marriages, delayed childbirth and learned market wariness are shifting that event</li> <li>Desires for walkable environments with urban amenities is expected to continue – but likely with more openness to suburban locale</li> </ul>	<p>Current age 52-70 2016 age: 62 to 80</p> <ul style="list-style-type: none"> <li>Forecasters have long predicted a need in downsizing housing options for aging Boomers – smaller, low-maintenance apartments and attached ownership options like condos, townhomes, rowhomes and the like.</li> <li>This shift in product preference has not yet fully emerged, for several possible reasons:</li> <li>The prolonged burden of housing Millennial children is likely stalling Boomers’ ability to pursue their own residential choices.</li> <li>Consistent with deferred retirement and longer lifespans due to medical advances and healthier lifestyles, the core segment of Boomers may not yet feel the need for downsizing big yards, extra bedrooms and related chores.</li> <li>Rising housing costs and low vacancies, in both rental and ownership may delay a move that would otherwise happen</li> <li>Even if most Boomers eventually seek downsizing option, there also appears to be an emerging segment, especially in the West and Midwest who’s retirement goal is not necessarily smaller and more urban, but actually more like an “acreage,” at least among those with the good health or wealth required to keep up with the maintenance.</li> </ul>

**Figure 8: Washington Co. Growth by Age Group (2015-25 proj.), Showing Housing Needs**

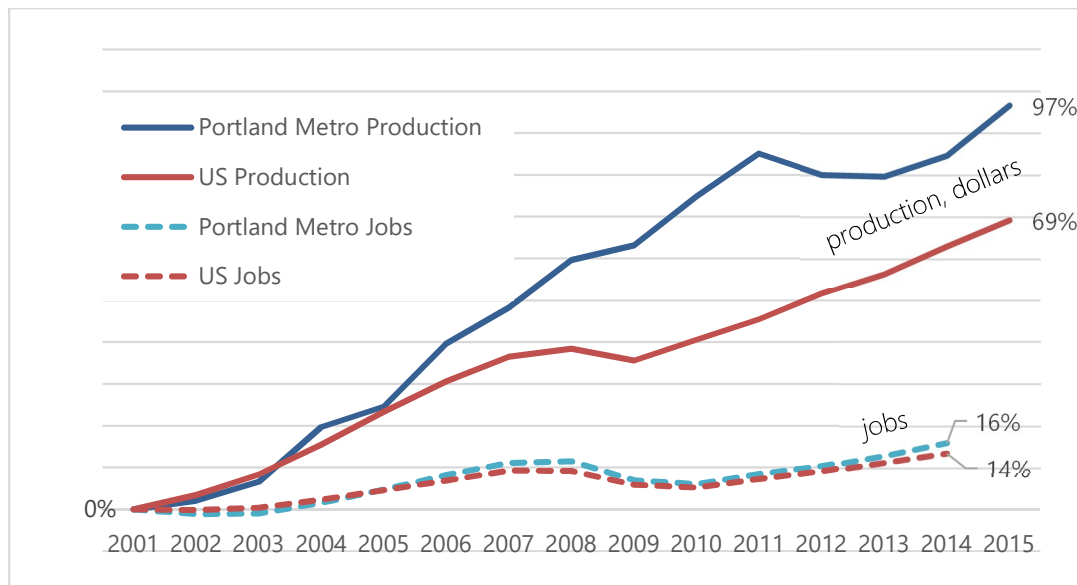


Source: State of Oregon Office of Economic Analysis, and Leland Consulting Group

## ECONOMIC TRENDS

Washington County and the market area are part of a metropolitan region experiencing very robust economic growth over the past decade. As shown in Figure 9, the Portland metro area has nearly doubled its GDP since 2001 while seeing a 16 percent increase in employment, outpacing national (combined metropolitan area) growth, especially during and after the recent recession.

**Figure 9: Overall Economic Growth (GDP and Employment), Portland Metro**



Source: BEA and Leland Consulting Group

- Regional economic growth has been especially strong in the manufacturing sector, buoyed by high tech firms, with local GDP growth in that industry of 200 percent since 2001 (down from a peak of 279 percent in 2011).
- That increase, however, has been driven by rising productivity (output per employee), rather than net job growth. Even in the Portland metro, where manufacturing activity has gained national attention for its encouraging performance, industry jobs counts have in fact declined 10 percent since 2001<sup>3</sup>.

<sup>3</sup> This has been a mixed economic blessing for many areas with strong industrial sectors like the market area, where rising automation-era industrial sales and new factories can lead to disappointing upward movement in employment and wages.

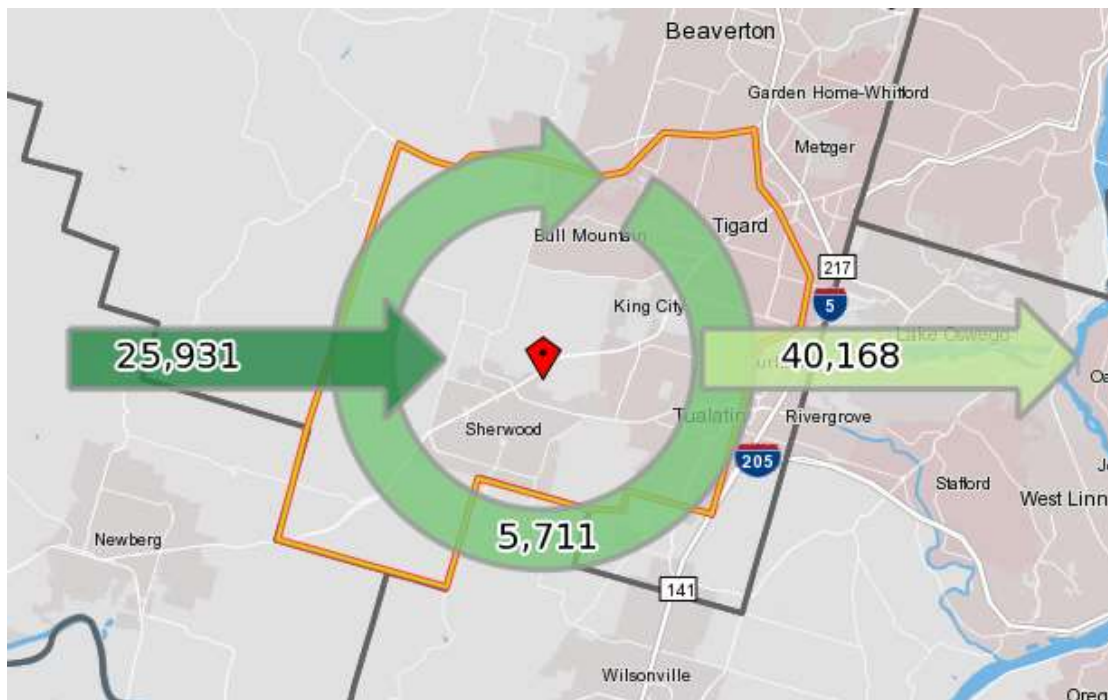
**Table 9: Projected Employment Growth, Market Area TAZs**

Employment			
	2010	2035	CAGR 2010-35
<b>Market Area Total</b>	<b>26,226</b>	<b>48,007</b>	<b>2.45%</b>

Metro Council projections show an average annual growth rate of 2.5 percent for total employment in market area forecast zones. This robust pace of job growth provides support for continued household (and thus residential) expansion in the market area.

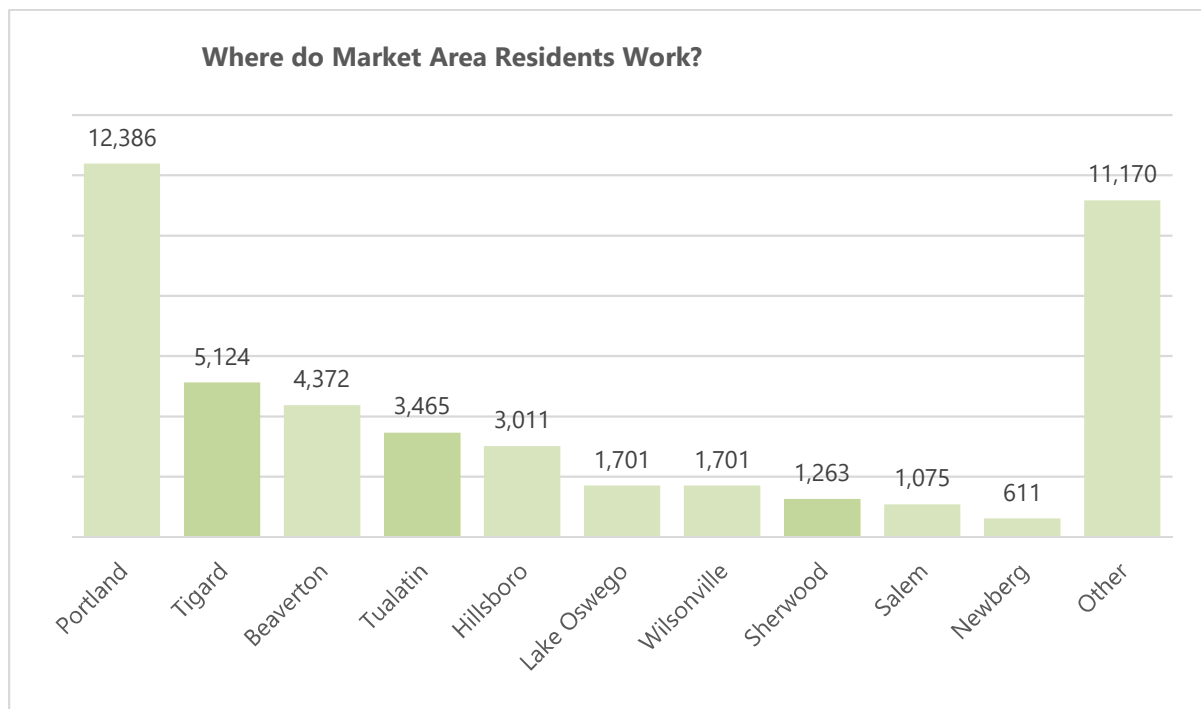
Figure 10 and Figure 11 show commuting patterns for market area employment in 2014. The area is Each day, some 26,000 workers commute into the market area for work, while over 40,000 commute from homes in the market area to workplaces outside. Approximately 5,700 market area residents have relatively easy commutes, with jobs also inside the market area.

**Figure 10: Market Area In-Commuting, Work-In-Place, and Out-Commuting (2014)**



Source: U.S. Census Longitudinal Employment-Household Dynamics (LEHD), and Leland Consulting Group

**Figure 11: Out-Commute Destinations for Market Area Residents (2014)**



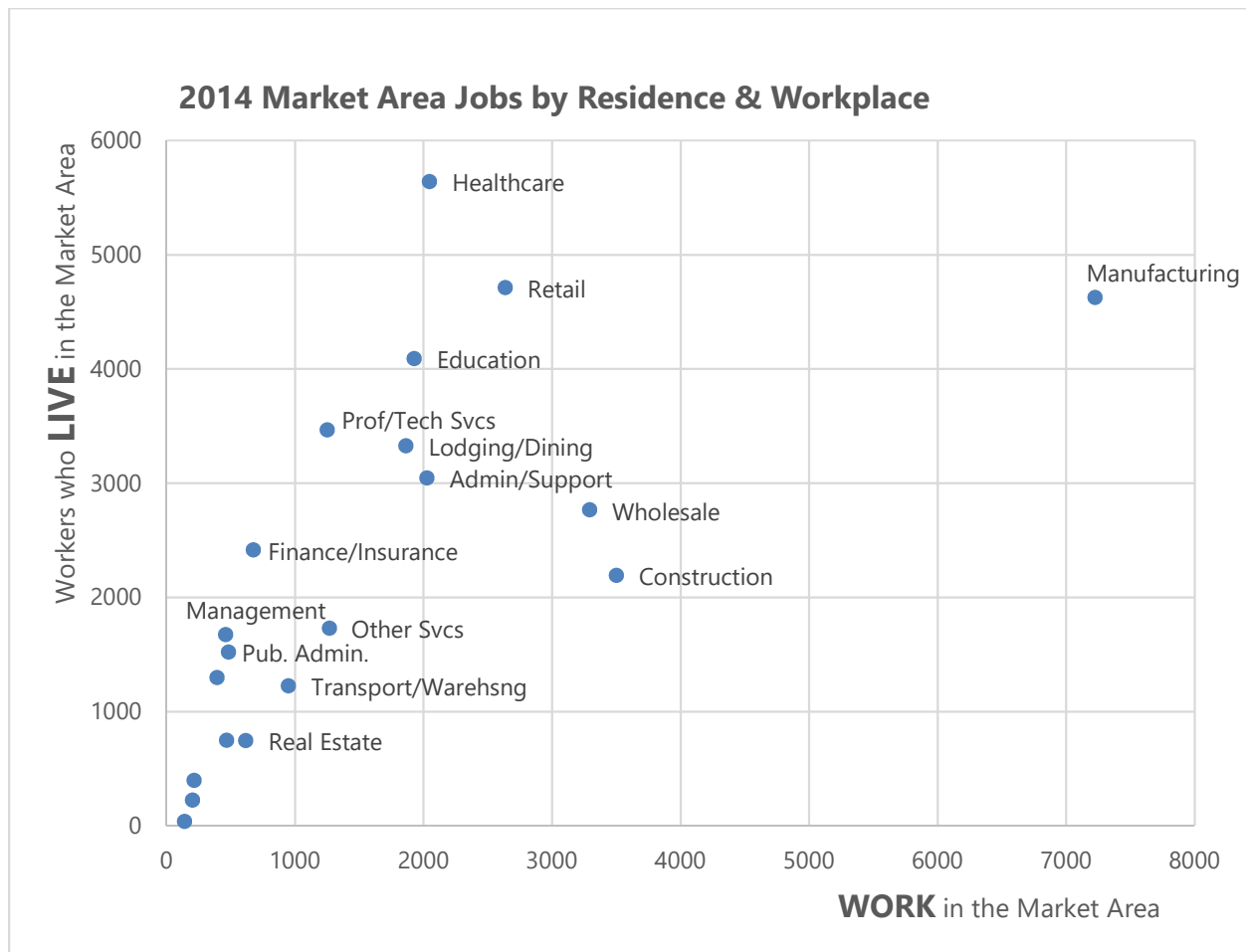
Source: U.S. Census Longitudinal Employment-Household Dynamics (LEHD), and Leland Consulting Group

Figure 12 illustrates major industries for the market area, from both the workplace and residence perspective. **Healthcare** is the leading industry sector for employed residents of the market area, with over 5,500 residents working in that field. Just over 2,000 healthcare jobs take place within market area establishments.

**Manufacturing** is by far the top sector for market area firms, providing over 7,200 jobs in 2014. Wholesale and construction are other major employer industries, while retail, education and professional/technical services are other top sectors for area residents.



**Figure 12: Market Area Industry Profile, 2014**

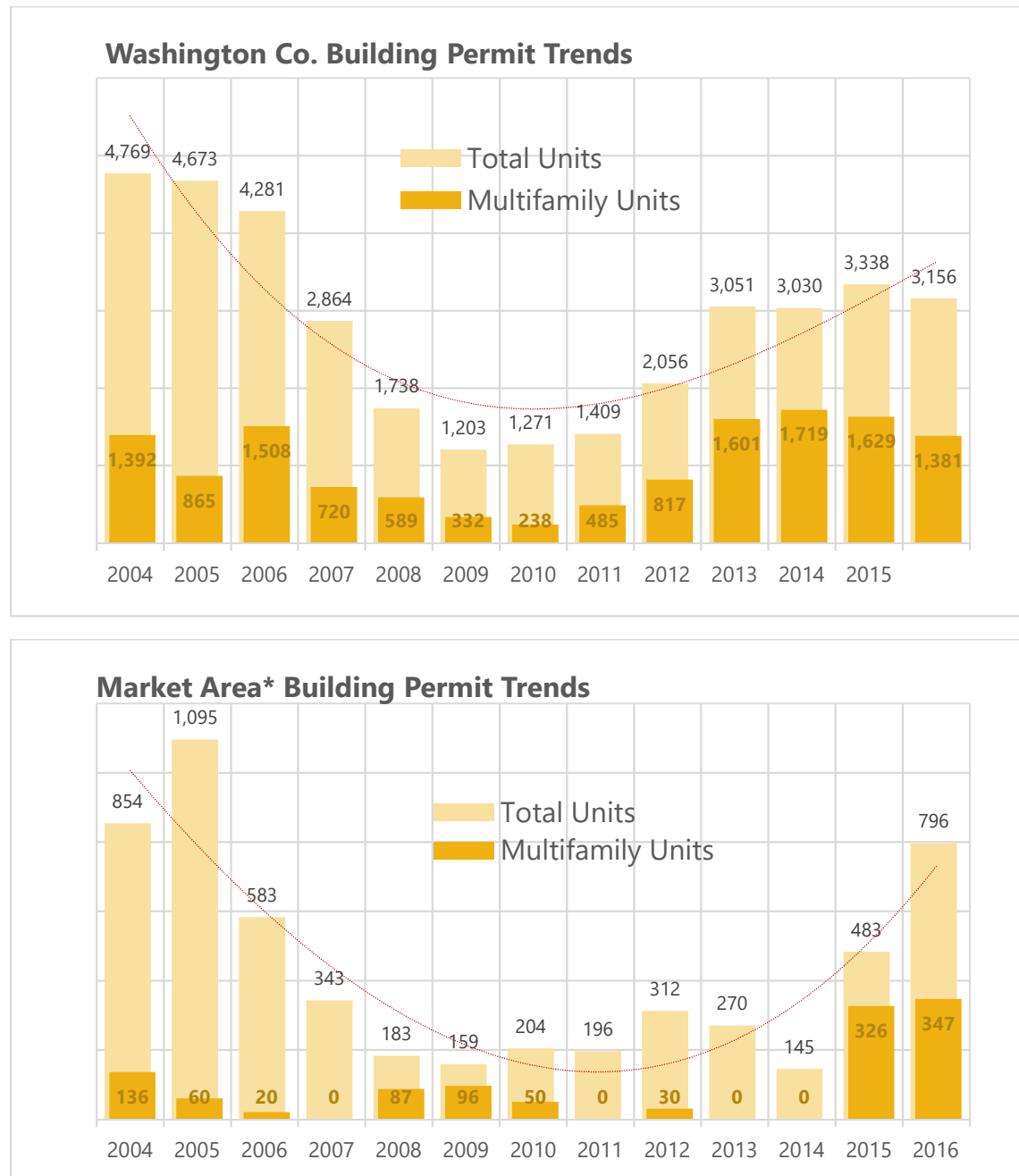


Source: U.S. Census Longitudinal Employment-Household Dynamics (LEHD), and Leland Consulting Group

## RESIDENTIAL MARKET SUPPLY & DEMAND

### Supply Characteristics:

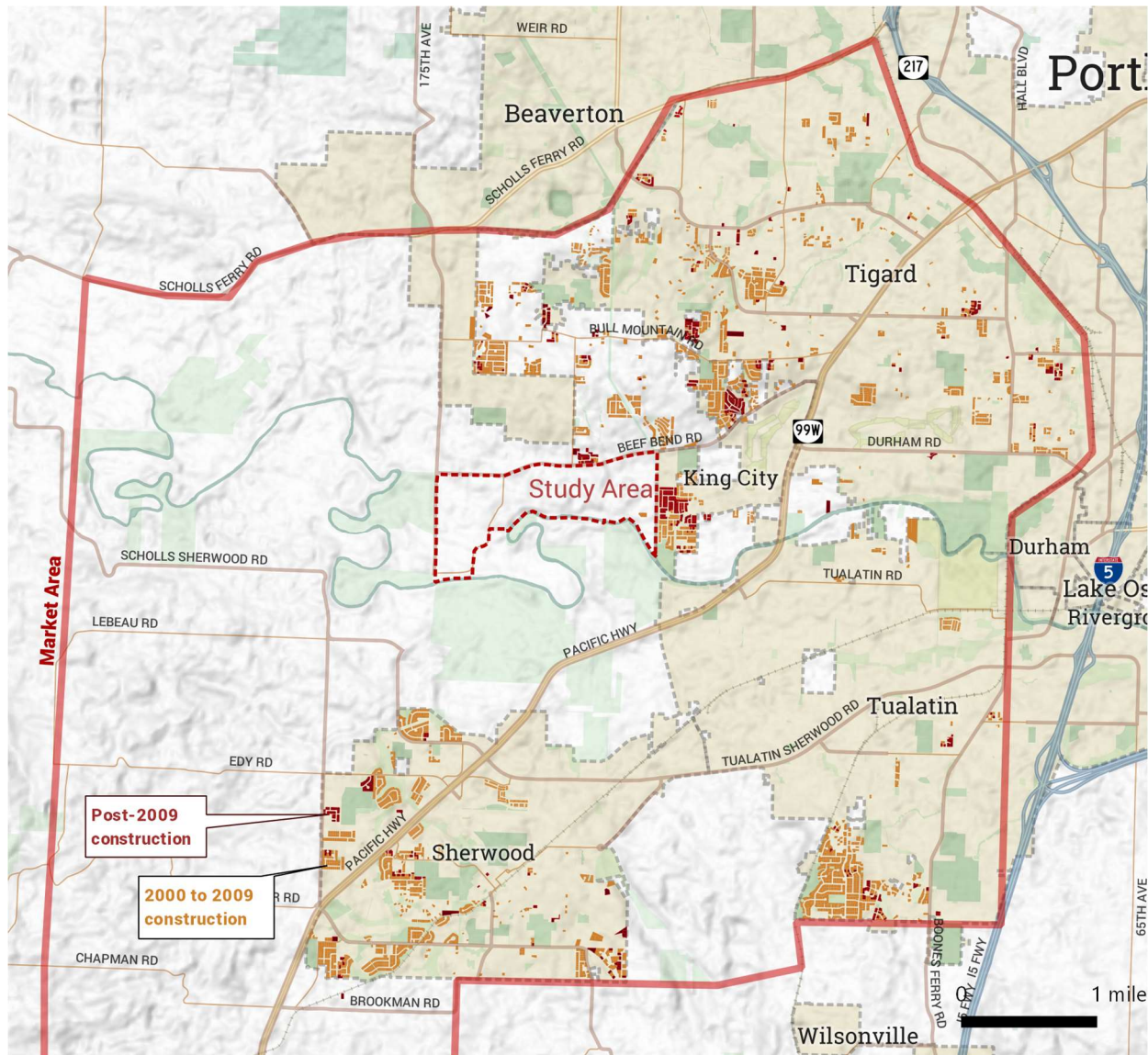
**Figure 13: Building Permit Trends**



Source: HUD SOCDS (based on local jurisdiction building departments; and Leland Consulting Group

\*Note: Building permit data is available at the municipality level only, so this graphic likely includes some permit activity in Tigard and Tualitin taking place outside the market area.

**Figure 14: Post-2000 Market Area Single-Family Construction Activity**

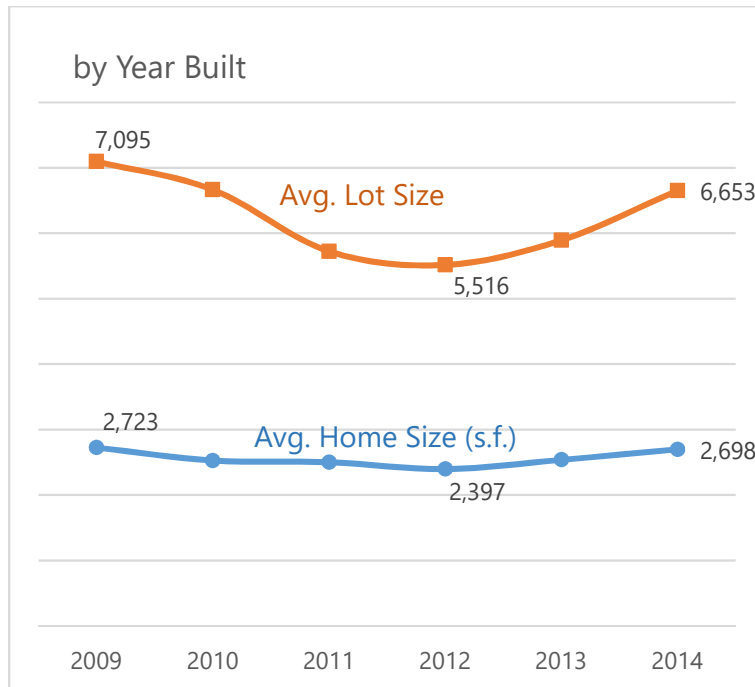


Source: Washington County Assessor (via Metro), and Leland Consulting Group

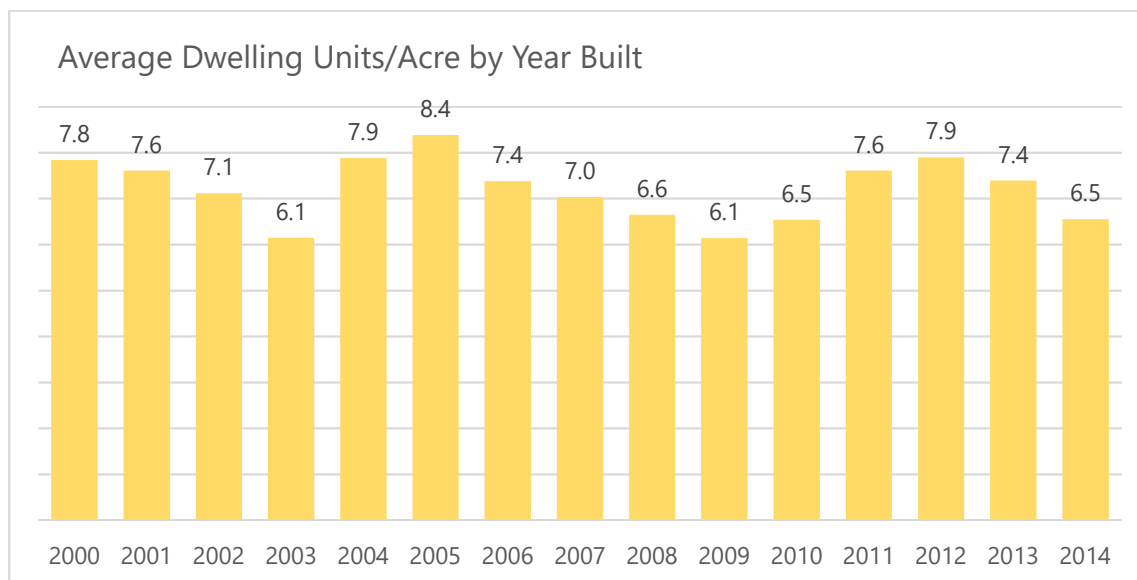
Figure 14 Shows all parcels with units built since 2000 in the market area, with post-recession activity further highlighted as dark red. Note that in the subject vicinity, King City itself has been the site of much recent construction activity. The Bull Mountain unincorporated area north of the study area saw considerable (and somewhat scattered) activity during the pre-recession period, but little since 2010. The adjacent incorporated part of southeast Tigard, has had substantial single-family development both before and after the recession.

The combined southwest Tigard and unincorporated Bull Mountain area (within the market area, north of Beef Bend Rd. east of Roy Rogers, west of Pacific Hwy) has approximately 2,500 lots with homes built since 2000. Over the same period, the (much smaller) western portion of King City completed approximately 600 units. Both Sherwood and Tualatin experienced brisk single-family construction prior to the recession and recovery period construction at a reduced pace.

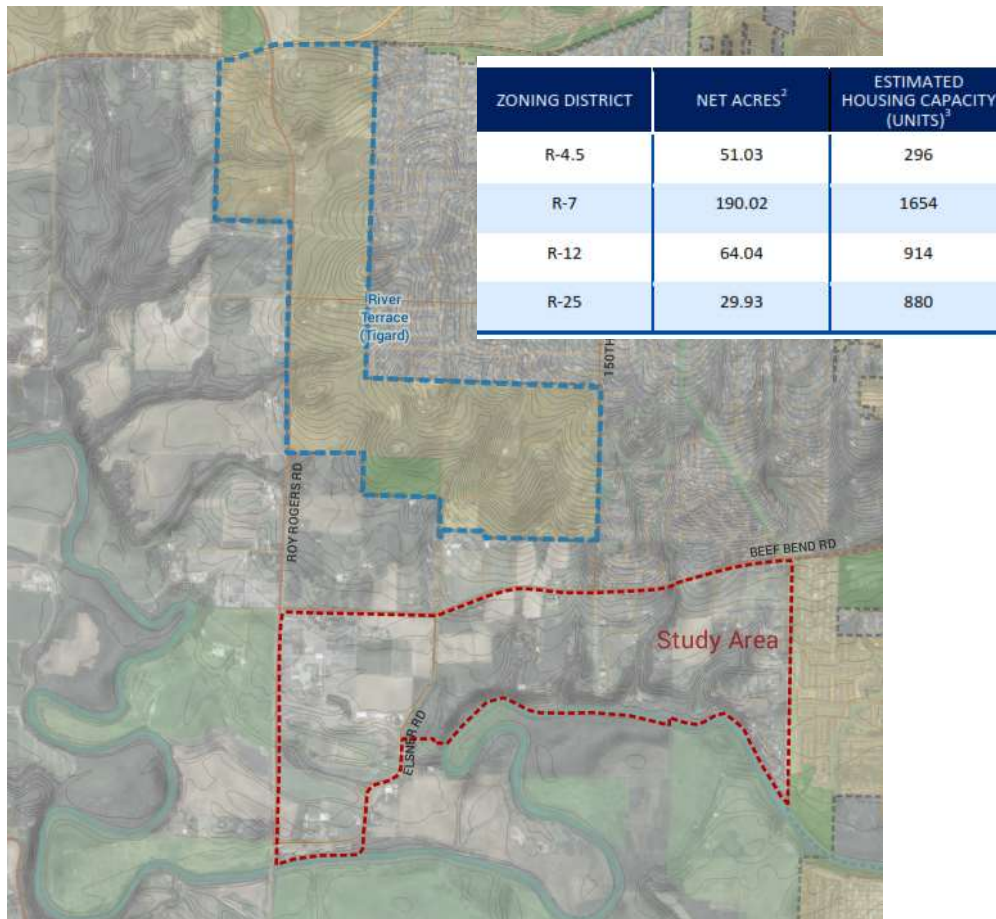
**Figure 15: Market Area Single Family Trends for Lot Size and Home Size**



**Figure 16: Market Area Single Family Development Densities**



**Figure 17: River Terrace, Tigard**



Source: River Terrace Community Plan, 2014

A recently adopted UGA expansion in Tigard called River Terrace will likely serve as the primary local competition for residential development for the subject property. The River Terrace Community plan, produced in 2014, states that the area's net buildable acreage would have capacity for 3,744 housing units across a range of proposed densities. Nearly half would be built at a typical SFD density of seven units per acre, but almost 900 units could be built at a 25-units per acre apartment density.

**Table 10: Market Area Apartment Supply**

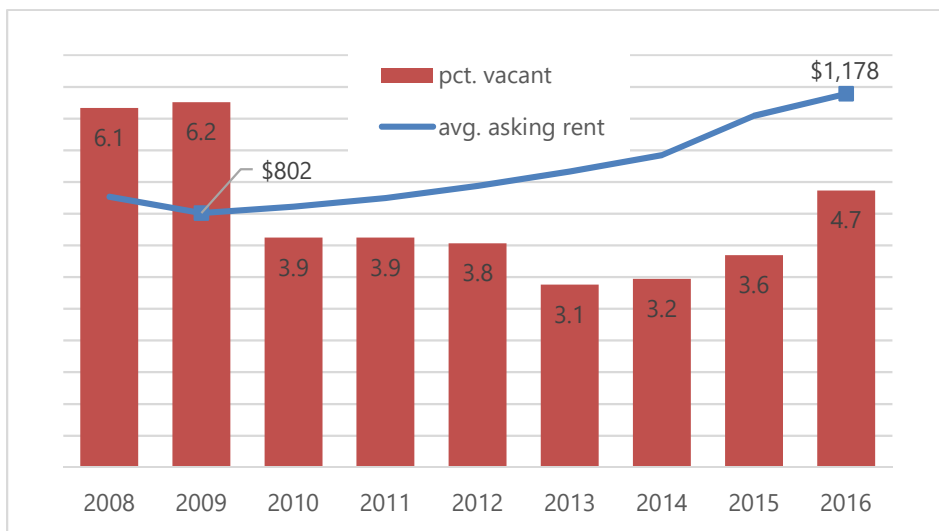
	Total	Built Post-2009
<b>Properties</b>	104	6
<b>Unit Inventory</b>	8,410	221
<b>Under Construction Properties</b>	3	
<b>Under Construction Units</b>	466	
<b>Vacant Units</b>	364	29
<b>Vacancy Rate (%)</b>	4.3%	13.1%



<b>Median Asking Rent</b>	\$1,065	\$1,372
<b>Median Rent/sf</b>	\$1.25	\$1.55
<b>1-story units</b>	687	
<b>2-story units</b>	5,044	
<b>3-story units</b>	2,648	221
<b>20th Percentile density (units/ac)</b>	11.5	n/a
<b>Median density</b>	19.0	n/a
<b>80th Percentile density</b>	24.5	n/a
<b>Affordable Units</b>	1,161	0
<b>Senior Units (excl. assisted living)</b>	572	0
<b>Units by City</b>		
<b>Portland</b>	851	
<b>Sherwood</b>	851	101
<b>Tigard</b>	4,583	
<b>Tualatin</b>	2,125	120

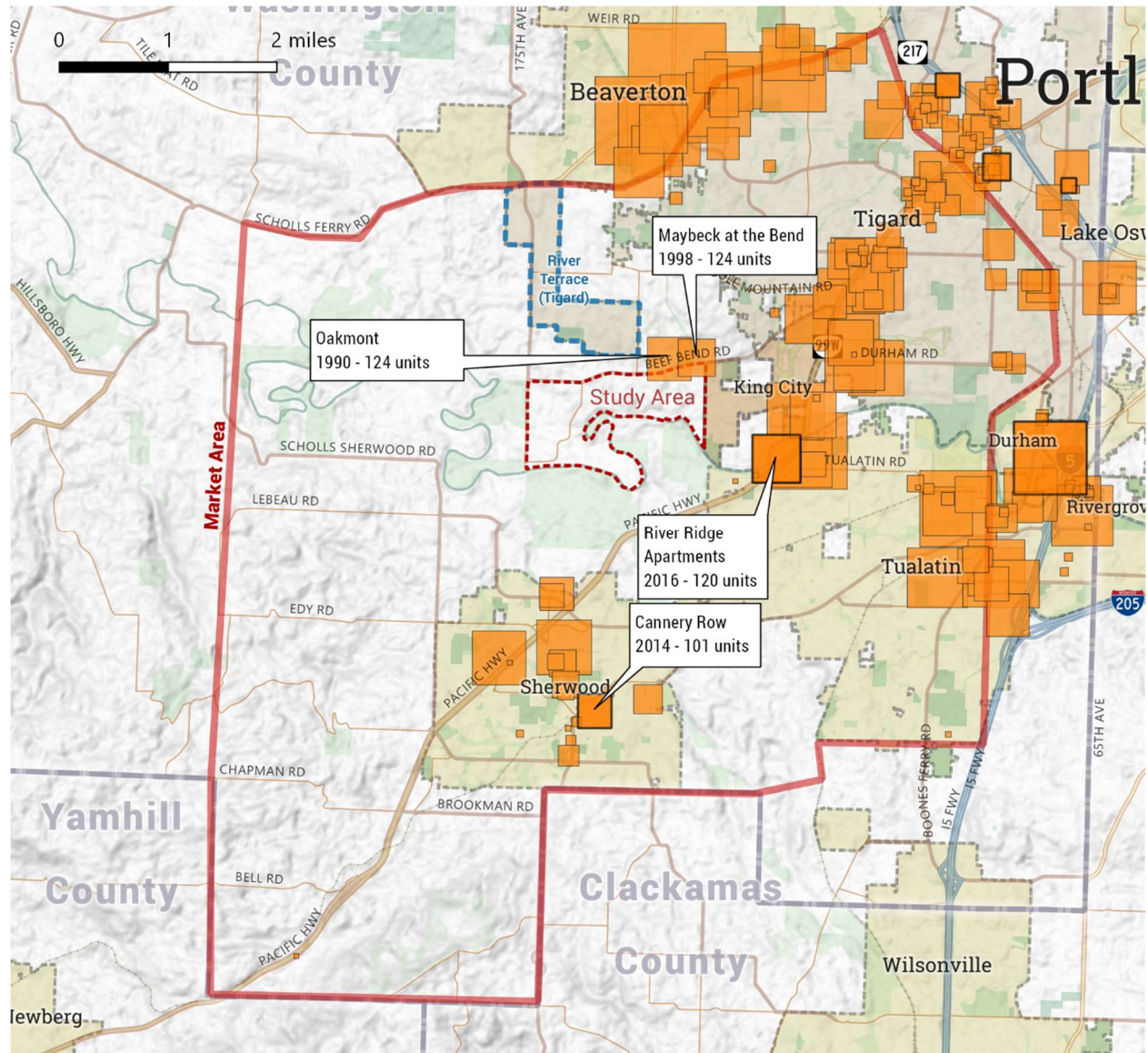
Source: Costar and Leland Consulting Group

**Figure 18: Market Area Apartment Vacancy and Rent Trends**



Source: Costar, and Leland Consulting Group

**Table 11: Market Area Apartments, Highlighting Recent and Nearby Projects**



Source: Costar, and Leland Consulting Group

**Table 12: Market Area Senior Housing Supply**

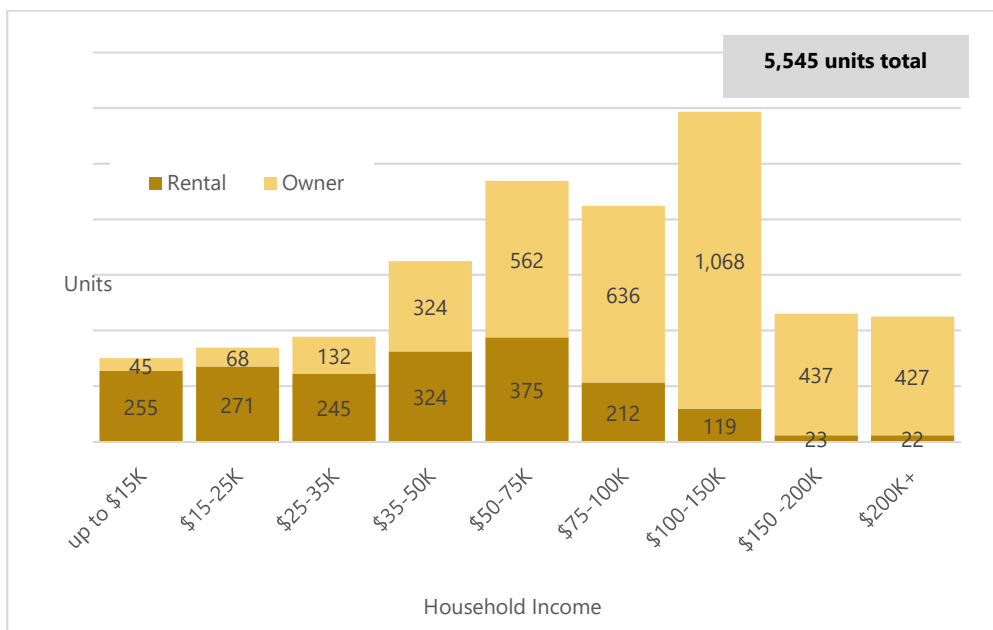
Building Name	Units	Year Built	Avg. Asking Rent	Rent/sf	RentType	Vacancy Pct.	Est. DU/ac
King City Apartments	196	1968	\$967	\$1.15	Market, Affordable	6.1	37
Summerfield	175	1976	\$1,056	\$1.27	Market	3.0	61
Woodspring Apartments	172	1991	\$952	\$0.91	Affordable	0.0	21

<b>The Village at Forest Glen</b>	82	1985			Market		11
<b>The Knoll at Tigard</b>	48	2011	\$697	\$1.06	Affordable	4.6	n/a
<b>Stewart Terrace Senior Apartments</b>	29	1983	\$918	\$1.38	Affordable	5.2	23

## Residential Demand:

Long-term (10-year) market area forecast of unit demand, by type and approximate income range, is summarized in the figure below. Current counts for market area households by income are assumed to grow at 1.7 percent annually across the board and retail approximately the same current proportion of renter to owner households. Five percent is added to the resulting total household increase to maintaining an equilibrium occupancy level and account for a small quantity of second homes and homes replaced due to demolition. The result is ten-year demand of 5,545 units with expected rent/own split as shown below.

**Figure 19: 10-year Market Area Residential Demand (units) by Household Income**



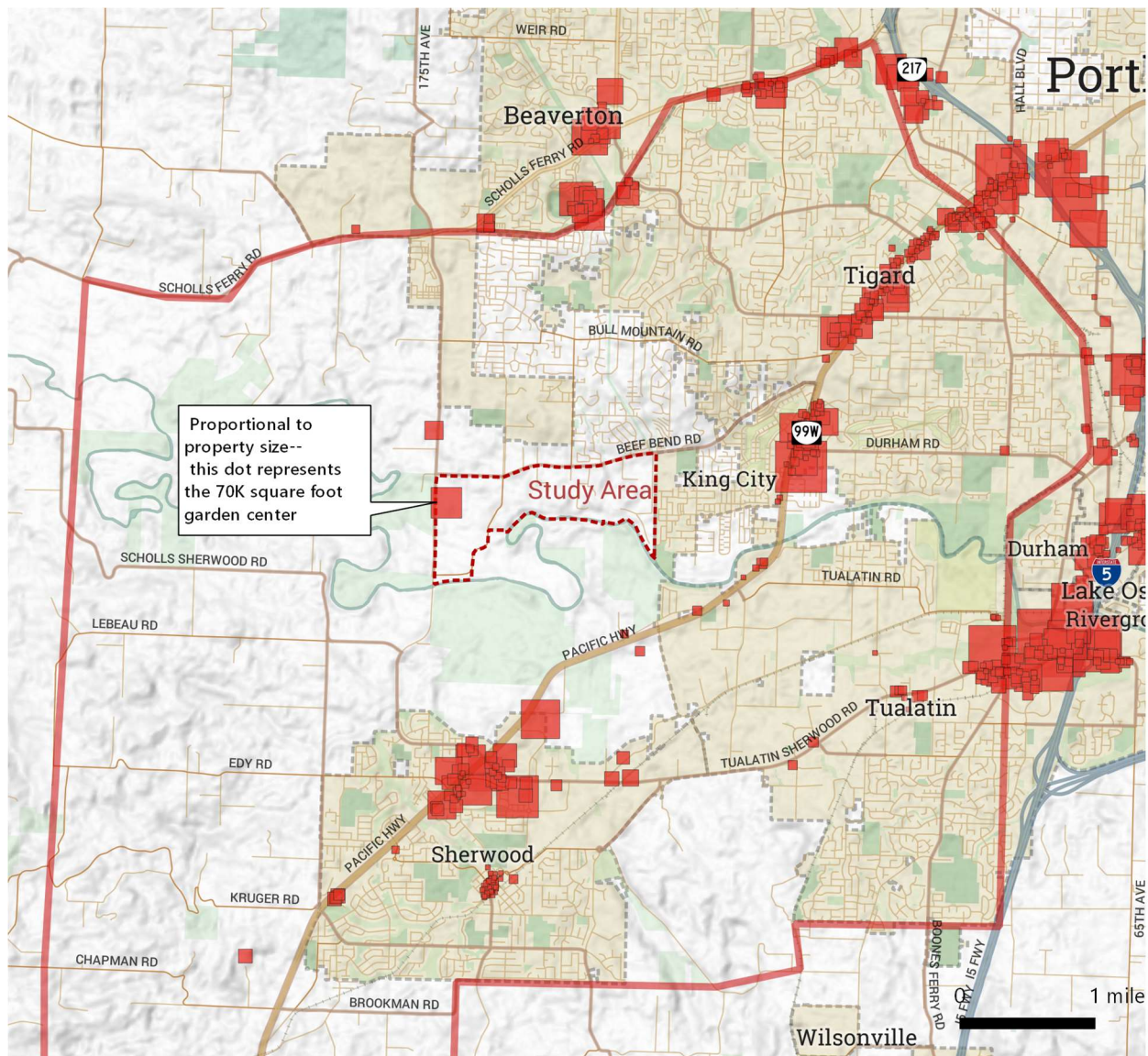
Source: Leland Consulting Group, with inputs from Census data, Metro Council projections and ESRI.



## RETAIL MARKET SUPPLY & DEMAND

### Supply Characteristics:

**Figure 20: Market Area Retail Supply, 2017**

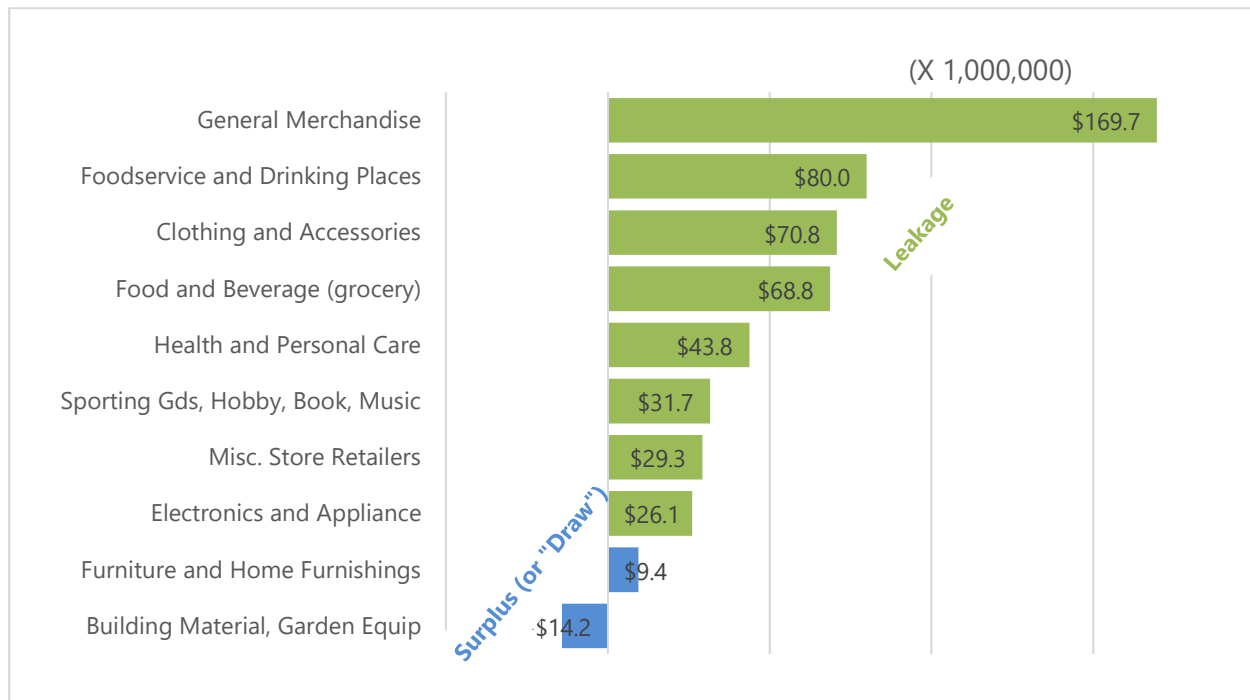


Source: Costar and Leland Consulting Group

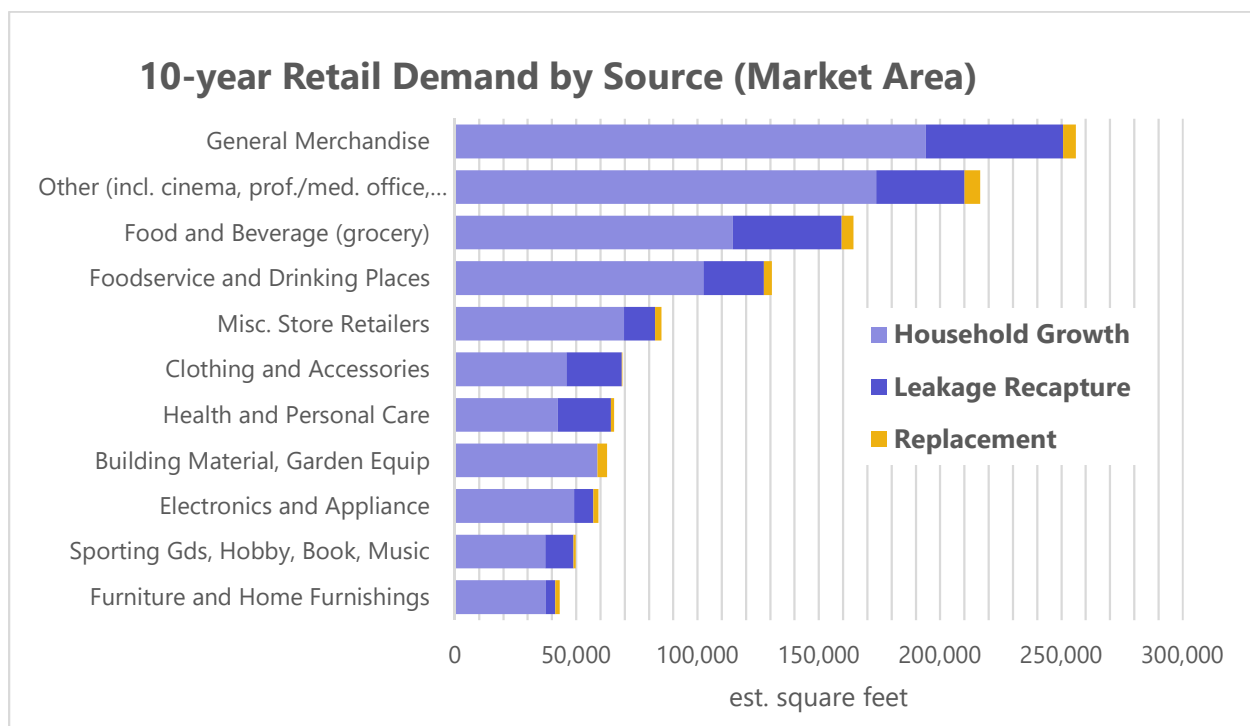
Figure 20 illustrates the distribution of retail supply in the market area and just beyond. Market area inventory consists primarily of convenience and neighborhood scale retail development, with more regional scale projects falling just outside to the east and northeast, clustered near major I-5 interchanges. The only retail currently within the study area itself is Al's Garden Center, on Roy Rogers.

**Future Demand:**

**Figure 21: Market Area Retail Leakage Analysis by Major Category**

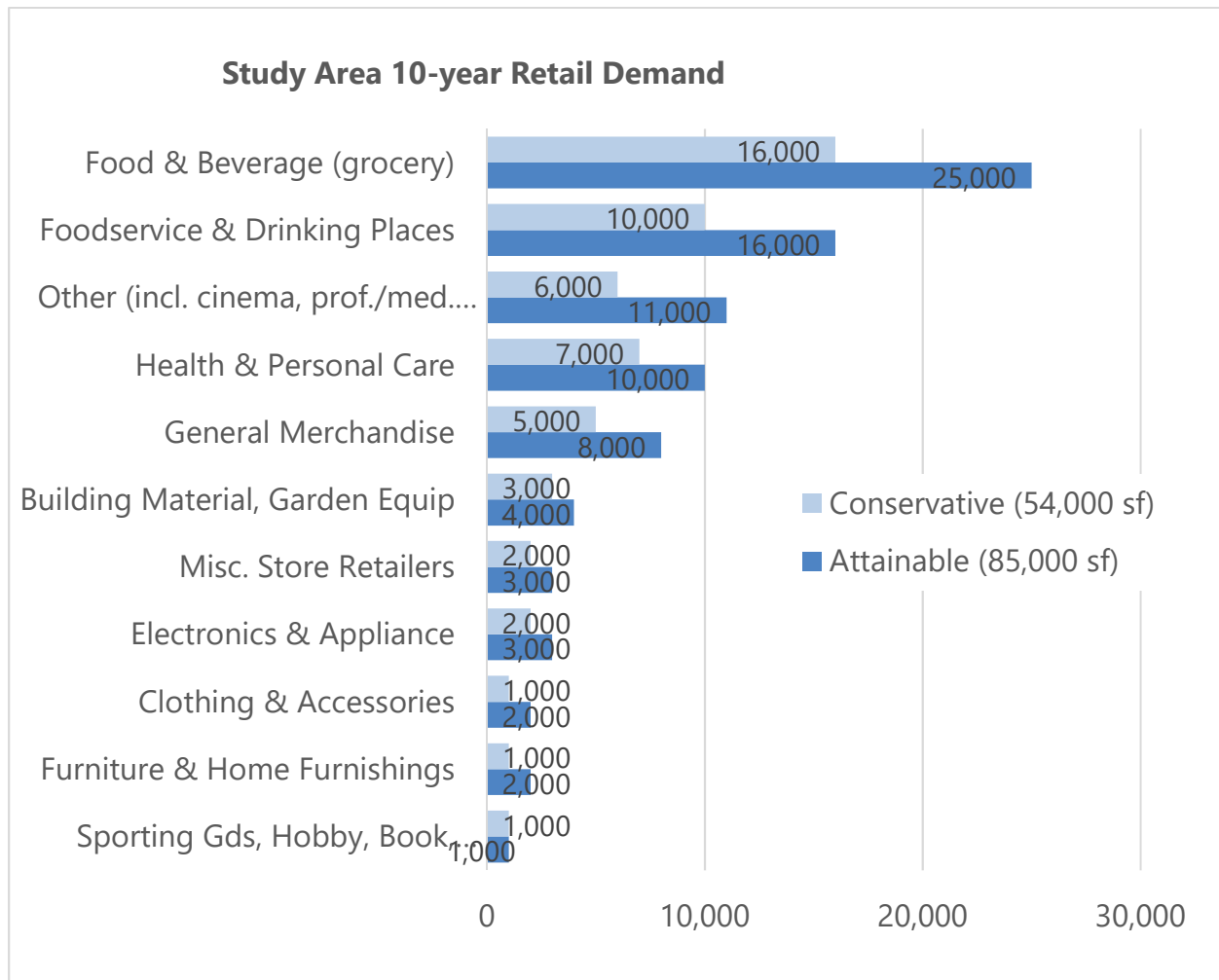


Source: ESRI and Leland Consulting Group





**Figure 22: Subject Property 10-year Attainable Retail Demand**



Attainable subject property capture within retail is driven by opportunities for grocery and dining, resulting in adequate market support for a small- to mid-sized neighborhood center anchored by a small format (15-25,000 sf) grocer, with pad and in-line co-tenants made up of restaurants (primarily fast-casual), local personal services such as a salon, yoga or jui-jitsu studio, storefront health services (dental/chiro/clinic) and other miscellaneous shops.

## RECOMMENDED STUDY AREA DEVELOPMENT PROGRAM

### Inventory of Buildable Land [example below]

Land Category	Study Area (Acres)		
	Part A	Part B	Total
<b>Total Area</b>	179	316	495
<b>Unbuildable</b>			
Committed <sup>a</sup>	12	90	102
Unbuildable (stream corridor/ adjacent wetland / adjacent riparian buffer/ >25% slope)	24	37	61
Buildable but challenging			
Acreage of all non-significant wetlands	18	5	23
20% of the total acreage of non-significant wetlands <sup>b</sup>	4	1	5
Subtotal <sup>c</sup>	54	124	177
<b>Gross Buildable (Total acreage less unbuildable)</b>	126	192	318
<b>Infrastructure and Amenities</b>			
Internal Roads <sup>d</sup>	23	35	57
Stormwater Management	5	3	8
Parks <sup>e</sup>	5	5	10
Subtotal	33	42	75
<b>Net Buildable</b>			
Retail/Commercial	2	5	7
Residential	91	145	236
<b>Net Buildable</b>	93	150	243

Overview of maximum allowable densities and other regulatory constraints

## Housing Types

In order to illustrate potential development scenarios within the Study Area, this market analysis uses five different housing types, as shown in Table 13 below. These are broad categories, and there can be significant variation in home design, layout, site size, and other factors within these types. These housing types are key parts of the “palette” with which stakeholders can paint the West King City area during later phases of the Concept Plan process. These housing types are based on housing recently built in the market area, housing proposed for other comparable new development areas.

**Table 13. Housing Types**

**Large Lot Single-Family**



**Medium Lot Single-Family**



**Small Lot Single-Family**



**Single-Family Attached**



**Multifamily**



**Figure 23: Recommended Development Per Decade**

Attainable Absorption per Decade										
		Market Area Units	Capture Rate		10-year Study Area Absorption		Approx. Units Per Acre		Acreage Required	
			low	hi	low	hi	low	hi	low	hi
<b>Single Family Detached</b>	% of units									
small lot	30	933	10%	20%	<b>93</b>	<b>187</b>	10	15	<b>9.3</b>	<b>12.4</b>
medium lot	40	1,244	10%	20%	<b>124</b>	<b>249</b>	7	10	<b>17.1</b>	<b>24.9</b>
large lot	30	933	10%	20%	<b>93</b>	<b>187</b>	5	7	<b>18.2</b>	<b>25.7</b>
<b>Townhome, Condo, Plex</b>		500	10%	15%	<b>50</b>	<b>80</b>	20	25	<b>2.5</b>	<b>3.2</b>
<b>Rental Apartments</b>		1,600	10%	15%	<b>160</b>	<b>240</b>	25	30	<b>6.4</b>	<b>8.0</b>
<b>Total Residential Units</b>		5,210	10%	18%	<b>521</b>	<b>942</b>	9.7	12.7	<b>53.6</b>	<b>74.2</b>
<b>Non-Residential</b>										
<b>Retail</b>					(s.f.)		(FAR)			
Neighborhood Retail (small format grocery anchor)					40,000	60,000	0.2	0.25	4.6	5.5
<b>Wine Country Lodging/Event Space/Dining</b>										
70-room lodge, 10K sf event, 10K sf restaurant					40,000	60,000	0.2	0.25	4.6	5.5
Educational vineyard, organic culinary garden (part flood plain?)									5	10
<b>Total Acreage (Year 10)</b>									<b>121</b>	<b>169</b>

## Capacity

Net Acres (less internal roads, storm detention, holdouts)					
Areas	Gross Acres	Low (60%)	High (70%)		
<b>A-J</b>	227	136	159		
<b>A-K</b>	272	163	190		