



Portland Metro Regional Industrial Land Study

House Land Use Committee
February 12, 2013



Industrial Land Supply – *Mike Williams*

- Job creation and income growth key to Oregon's economic prosperity – jobs/income tax for education/public services
- Limited supply of large sites for traded-sector development across Oregon
- Business decision timeframe shrinking
- Competitive supply critical to capture opportunities of economic upturn



Demand for Large Sites

- Consistent interest in 50+ and 100+ acres based on public and private data, even during current economic downturn
- **Public:** 25% of Business Oregon leads seeking more than 25+ acres
 - Every major recruitment category had at least one opportunity needing more than 25 acres
- **Private:** Survey of 6 Metro brokers shows 11 leads a year for sites greater than 50 acres

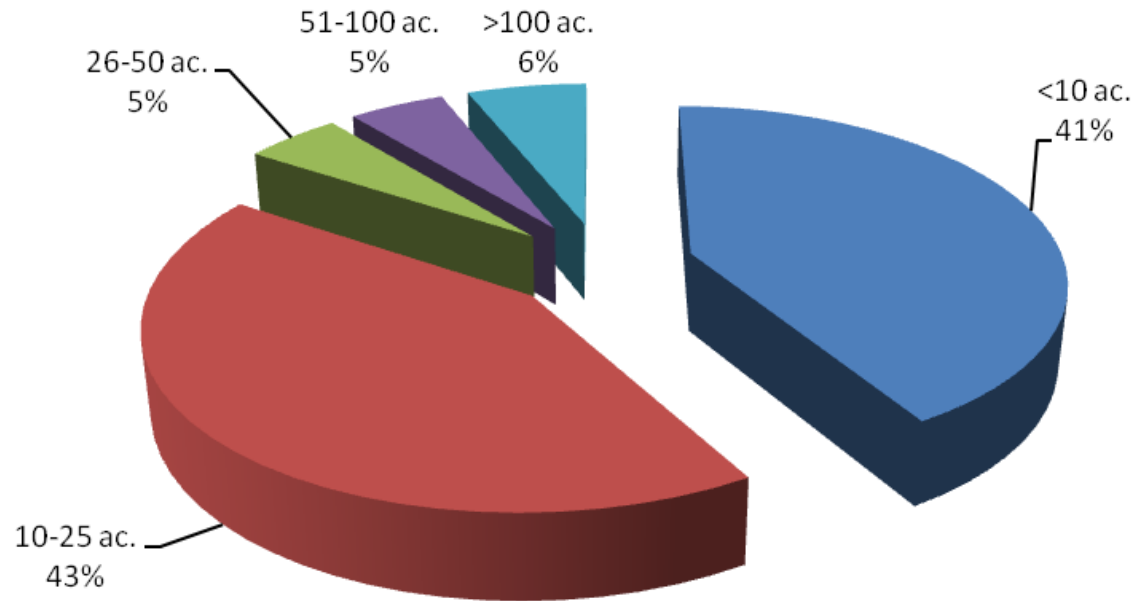
Traded Sector Industry

Acreage Requirements for Majority of Leads

	Regional/ National Scaled Clean Tech	Globally Scaled Clean Tech	Heavy Ind./ Mfrg	General Mfrg	High Tech Mfrg/ Campus Industrial	Warehouse/ Distribution	Regional Dist. Centers
Competitive Acreage Required	50 acres	100 acres	25 acres	10 acres	25 acres	25 acres	80 acres



Minimum Lot Size Requirements



*NOTE: 82 Recruitment Opportunities
Where site requirements specified, regardless of status

Recruitment Minimum Site Area Requirements – Select Industries

By Industry

Recruitment Opportunities Minimum Site Requirements	Specified* #Opps	Largest (min) acres	Avg (min) acres
AM - Advanced Mfg	25	200	18
CT – Biomass	1	25	25
CT – Solar	24	250	26
CT – All Other	13	40	11
FW - Wood Products	1	15	15
HT -Data Center	7	160	48
SL - Distribution Center	2	70	45
XX - Other	4	15	9

*NOTE - Where provided : 77 Recruitments
where site requirements specified

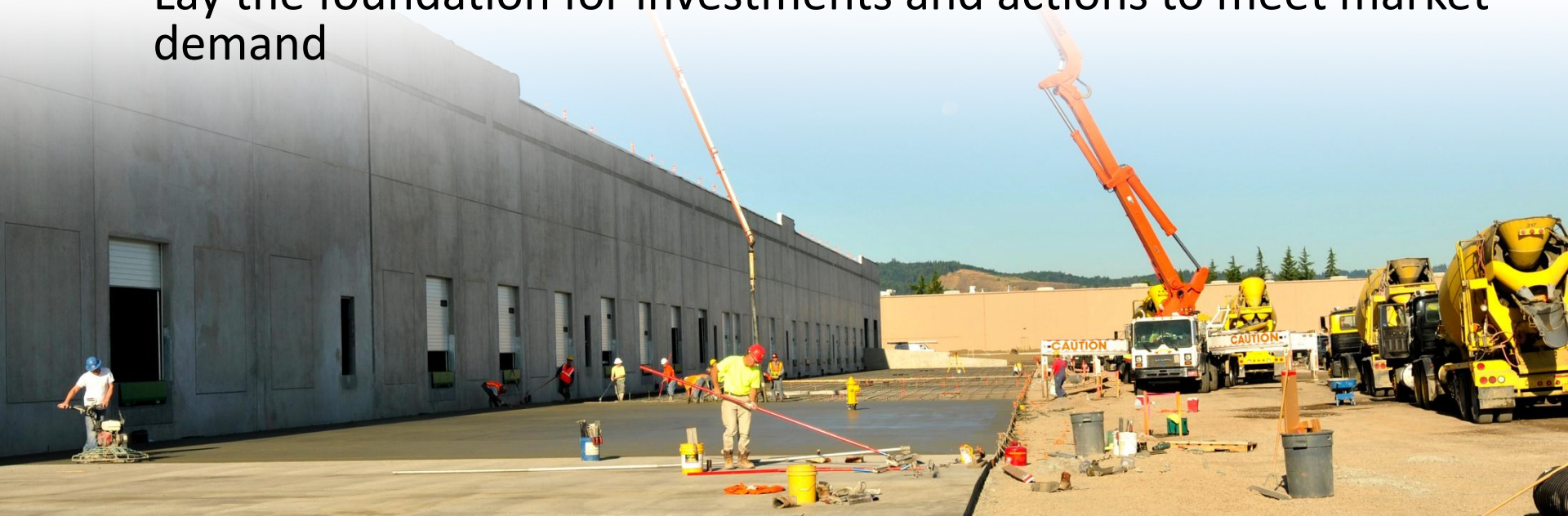


Reporting period: Sept 2010 – Aug 2012

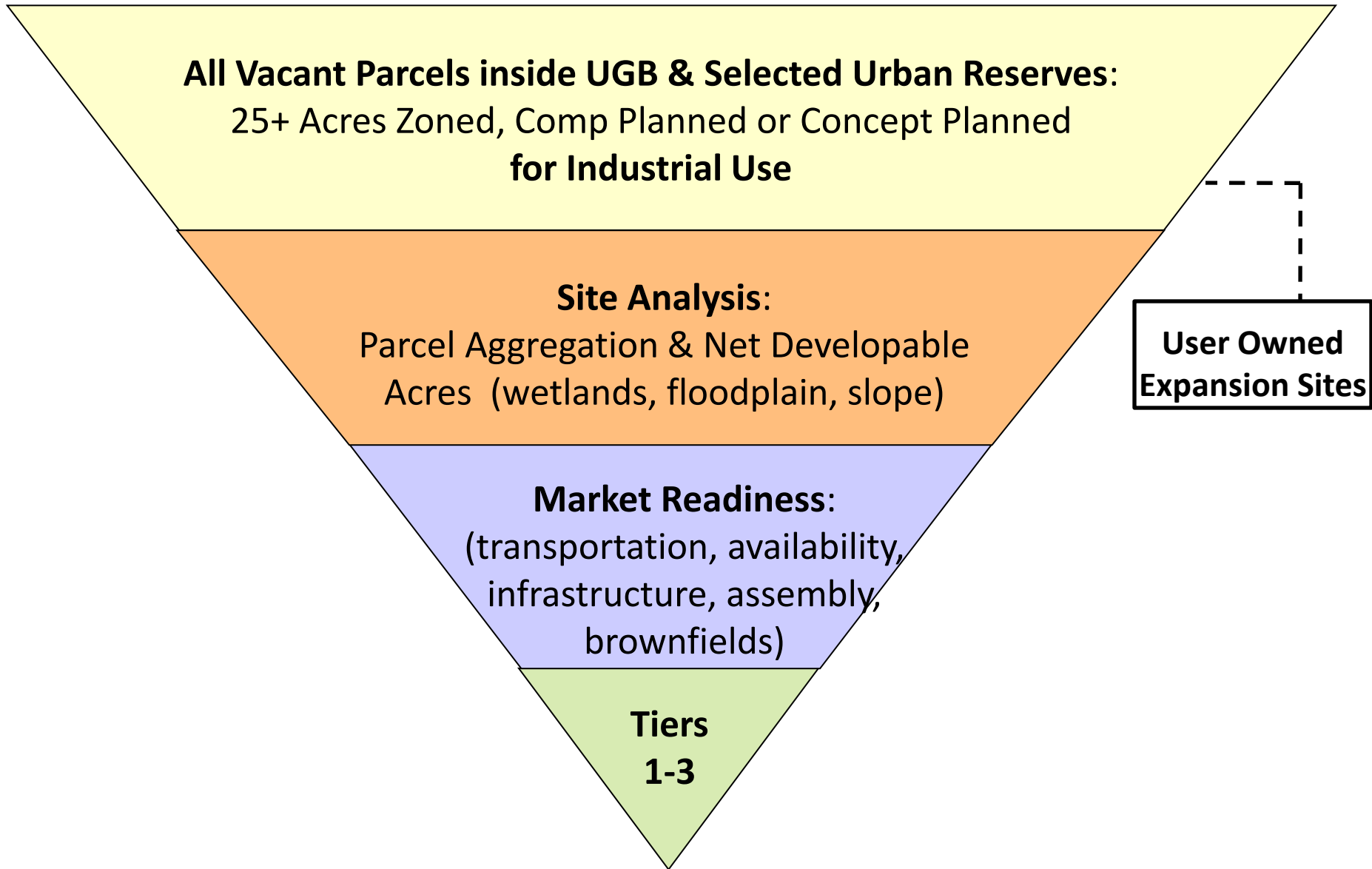
Data source: Oregon Business Development Department

Portland Metro Project – *Mark Clemons*

- Develop a market driven tool for determining the supply and readiness of large lot industrial sites within the Metro UGB
- Inform the work of local jurisdictions, Metro, Port and the State of Oregon, regarding the general availability of and the challenges facing industrial sites
- Lay the foundation for investments and actions to meet market demand



Phase 1 Process



Industrial Site Tiering

Tier 1 - 6 months to shovel ready

- Consistent with the State of Oregon Site Certification
- Minimum threshold for most recruitments

Tier 2 – 7 months to 2½ years to shovel ready

- Not viable for recruitment
- Requires patient investor

Tier 3 – Greater than 2½ years to shovel ready

- Requires very patient, risk taking investor

Phase 1 Findings

Inventory of market ready, large industrial sites is limited:

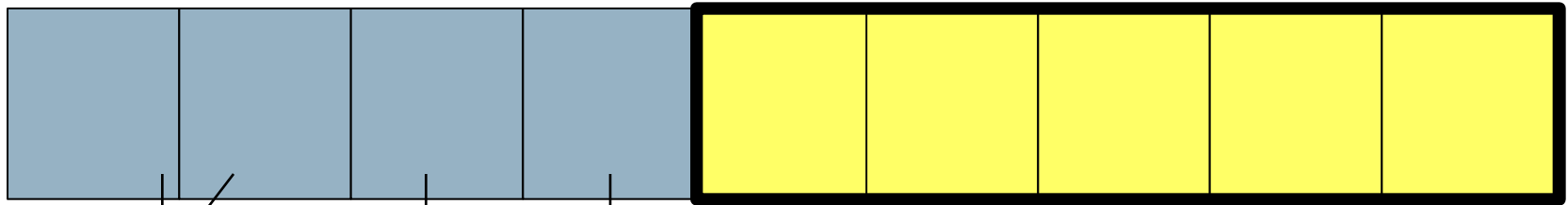
- 56 industrial sites identified with 25+ net developable acres
 - 9 Tier 1 sites (6 months to shovel ready)
 - 16 Tier 2 sites (7 months to 2 ½ years to shovel ready)
 - 31 Potential Tier 3 sites (> 2 ½ years to shovel ready)



5 Tier 1 Sites Broad Market Appeal

9 Tier 1 Sites

Full universe of Tier 1 sites



2 Lease Only Sites

Properties for lease generally considered harder to transact

1 Above Market Site

Property owners seeking above market, non-industrial pricing

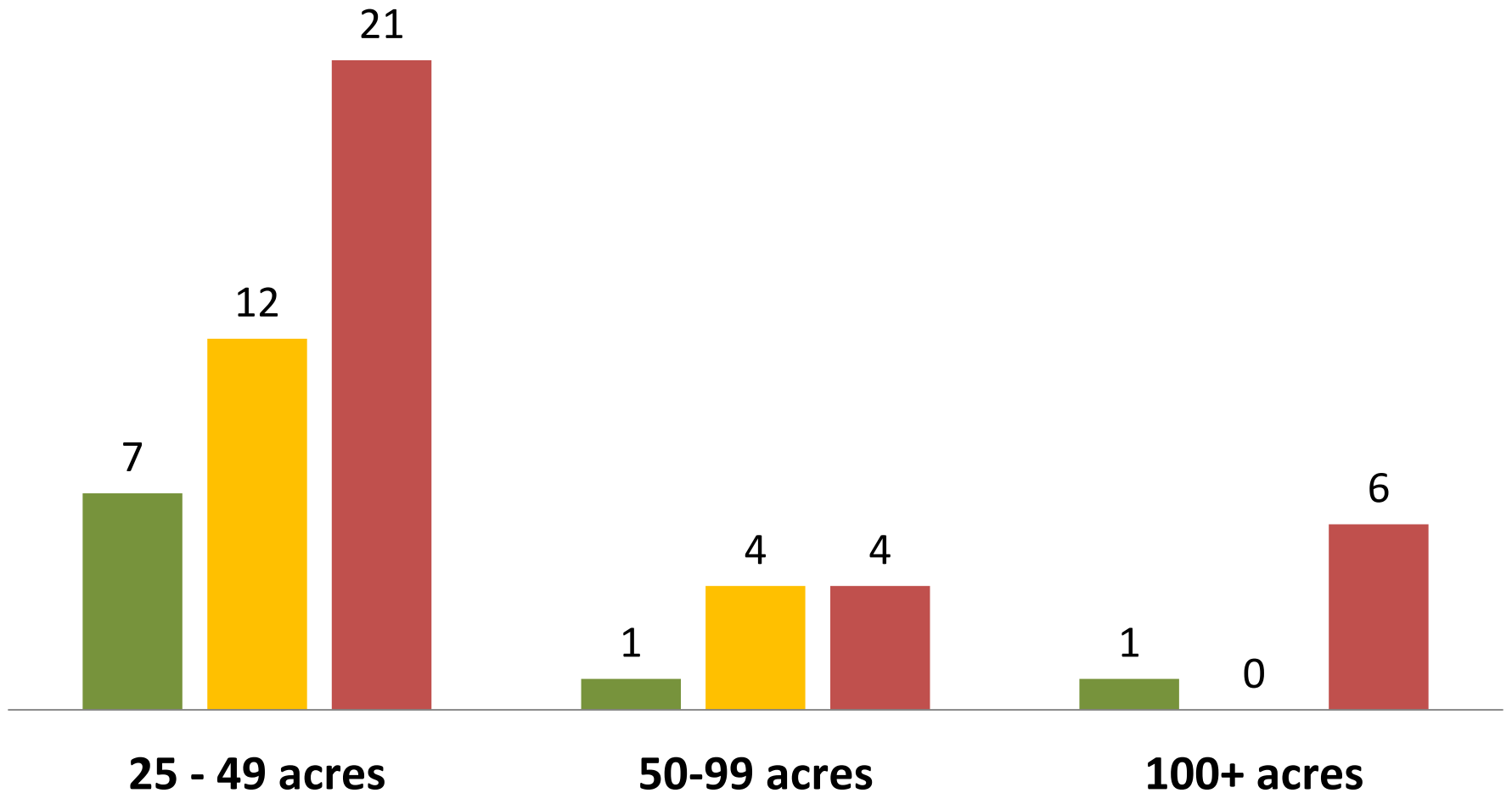
1 Irregular Shaped Site

Industrial buildings tend to be rectangular; irregular configurations are harder to design efficiently

5 Market Ready Sites with Broad Market Appeal

Distribution of Sites by Acreage

■ Tier 1 ■ Tier 2 ■ Tier 3



Tier 2 and 3 Potential Development Constraints

	TOTAL
BROWNFIELD / CLEANUP	8
NATURAL RESOURCES	13
INFRASTRUCTURE	19
TRANSPORTATION	18
LAND ASSEMBLY	14
STATE/LOCAL ACTIONS	20
NOT WILLING TO TRANSACT	18

Phase 2 Process

- Development assessments for 12 diverse sites
 - Size, location, barriers, tiers, traded sector uses
- Hypothetical large lot users, investments required, and economic benefit of development
- Independent, market-oriented analytic approach
- State wetland and brownfield consultation

- Tier 2 Site
- Tier 3 Site

Site 104 *
Hillsboro Urban Reserves

Site 2
Time Oil

Site 13 *
ICDC & Entercom

Site 15 & 16 *
UPS & Cereghino

Site 55 & 56 *
East Evergreen

Site 19
TRIP Phase 2

Site 37
Orr Family Trust

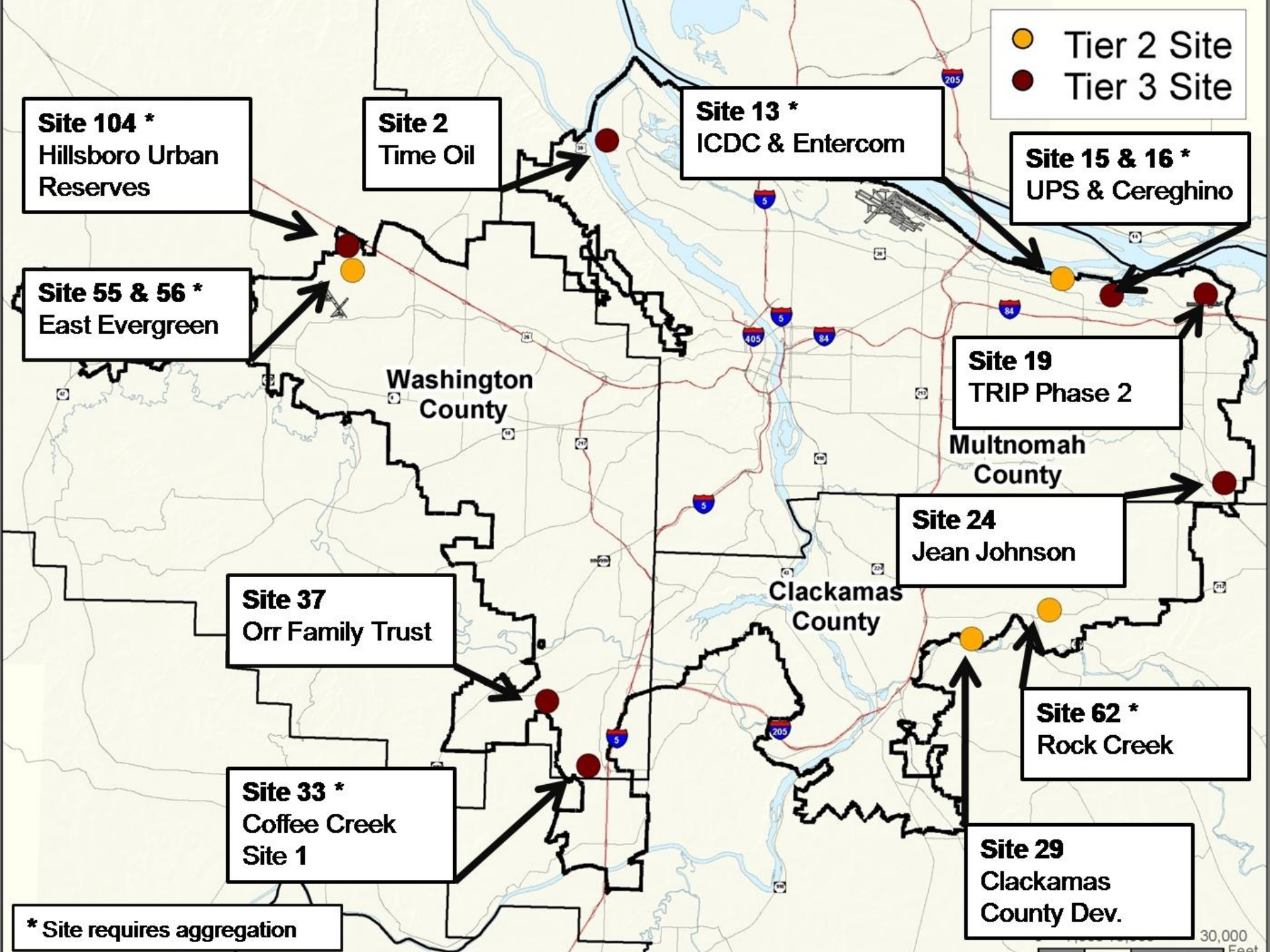
Site 24
Jean Johnson

Site 33 *
Coffee Creek Site 1

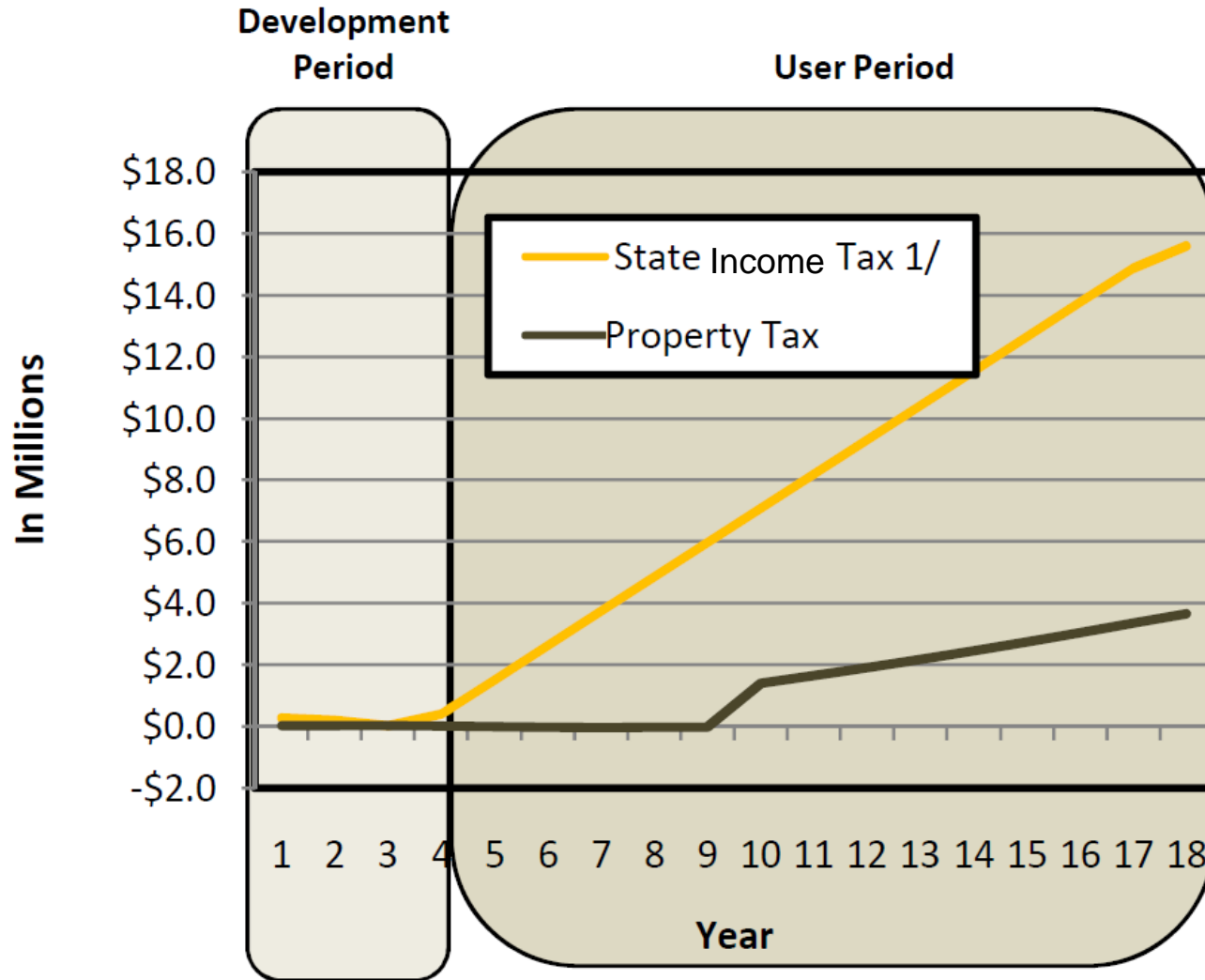
Site 62 *
Rock Creek

Site 29
Clackamas County Dev.

* Site requires aggregation



Annual Tax Revenue – Evergreen Site

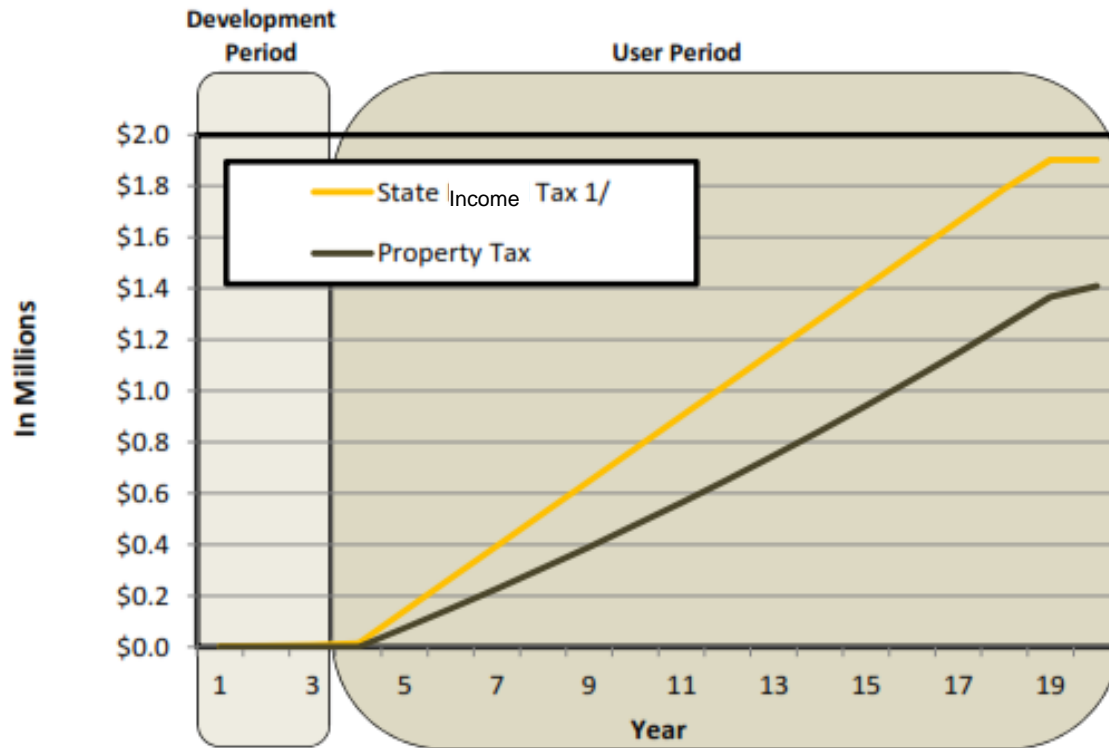


1/ Direct Impacts Only

East Evergreen - Hillsboro

- 116 acres with site hard cost gap, \$13M.
- Market gap of \$13.4M.
- 1,700 direct jobs and \$232M in payroll.
- 12,000 total direct and indirect jobs.
- 20 year state cumulative revenue, \$153M.
- 20 year local cumulative revenue, \$35M.
- 80 percent of new tax revenue to state.
- \$2.8 billion in annual economic activity.

Annual Tax Revenue – Orr Site



1/ Direct Impacts Only

Orr Family - Sherwood

- 43 acres with site hard cost gap, \$4.5M.
- Market gap of \$4M.
- 630 direct jobs, \$28.5M in annual payroll
- 1,500 total direct and indirect jobs
- 20 year state cumulative revenue, \$17M.
- 20 year local cumulative revenues, \$12M.
- 59 percent of new revenue to state.
- \$344 million annual economic activity.

Recap of Phase 1 and Phase 2 – *Bernie Bottomly*

- Limited market-ready sites in Metro urban growth boundary.
- Shortage of larger sites for game changer investments.
- Multiple site pipeline constraints.
- Case studies show significant economic and state revenue impact potential from site readiness investments.

Site Constraints

- Off-site public utilities represent primary barrier.
- Transportation constraints are the largest contributing factor.
- Site aggregation also key.
- Time to establish infrastructure approaches 24 to 30 months.
- Lack of knowledge about cost and value.

Market Gap

“The sites with critical infrastructure deficiencies are not likely to attract large firms if investment is left solely to the private market or delayed until a business willing to commit to a site is found.”

- Regional Industrial Site Readiness Report, 2012

Potential Benefits 12 Study Sites

- Total Direct Jobs 12,500.
- Average Annual Wage Level \$97,000.
- Total Property Tax over 20 years \$217 million.
- Total State Personal Income Tax over 20 years (direct jobs only) \$764 million.
- Total State Personal Income Tax over 20 years (direct and indirect) \$2.3 billion.

Proposed Legislation

- HB 2285/SB 253
 - Due Diligence
- HB 2284/SB 246
 - Forgivable Loans for Site Preparation

Due Diligence & Inventory –

HB 2285/SB 253

- Small grants to local sponsors.
- Inventory or due diligence.
- Close the “knowledge gap”.
- Reduce risk and uncertainty.
- Attract private capital.

Forgivable Loan Program –

HB 2284/SB 246

- Low risk to state.
- Funds only from realized gains.
- Site-by-site evaluation.
- Pre-investment agreement.
- Forgiveness of 50 percent of local investment.
- Penn., Conn., Kansas, Missouri, New Mexico

Pre-Investment Agreement

- Important sites.
- Traded-sector industries.
- Wage premium.
- “But for” evaluation.
- Site investment plan, costs, limits.

For More Information

- **Portland UGB Regional Industrial Lands Study:**
 - http://www.valueofjobs.com/land_study_2012/ls_1_and_readiness.html
 - Handout
- **Industrial Site Readiness Legislation:**
 - Handout