

## SE Quadrant Plan

# Bulletin #2: Land Demand and Development Capacity

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## 1. Methodology

Establishing a 2035 land demand forecast and buildable lands inventory to understand the capacity for new development in the Central Eastside is an important step in the development of the SE Quadrant Plan. The methodology for evaluating development capacity has two parallel steps including:

1. Determining the demand for developable land based on employment trends and a regional employment forecast. This is translated to a demand for land (building square feet and acres) for different employment geographies across Portland, including but not limited to the Central Eastside.
2. Establishing the amount of the employment land that is available for development. This is based on the City's Buildable Land Inventory (BLI) which estimates the development capacity of vacant and underutilized land.

## 2. Statewide Planning Goal 9: Economic Development

Oregon's Statewide Planning Goal 9 on economic development requires local comprehensive plans to include policies in three areas: overall community objectives for economic development, adequate 20-year development capacity, and land use policy for business districts.

Goal 9 also requires that comprehensive plans provide adequate long-term land supply for economic development and job growth, and requires cities to provide for an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses.

The City of Portland completed the Economic Opportunities Analysis in 2012 to provide the background analysis to satisfy Goal 9 requirements by estimating demand for industrial and commercial land based on employment trends and projections, demand by building type, and existing development capacity.<sup>1</sup>

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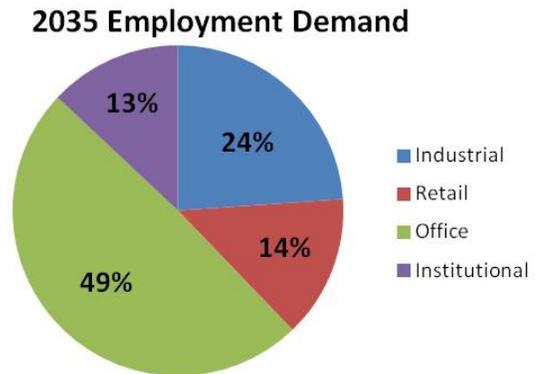
<sup>1</sup> City of Portland Economic Opportunities Analysis; Portland Bureau of Planning and Sustainability, 2012. <http://www.portlandoregon.gov/bps/59297>

### 3. Central Eastside Employment Demand

Based on regional, citywide and Central Eastside job growth trends between 2000 and 2008, it is estimated that employment will grow by over 9,000 jobs in the Central Eastside by 2035.

The sector composition of this projected employment growth reflects the historic industrial function of the district as well as recent trends of a strong creative office market. With 4,400 net new jobs, office based employment growth is estimated to represent nearly half of all job growth in the Central Eastside by 2035.

Employment growth of nearly 2,200 jobs in industrial sectors accounts for one quarter of total job growth. Retail employment and institutional employment growth account for 14% and 13% respectively of total employment growth.

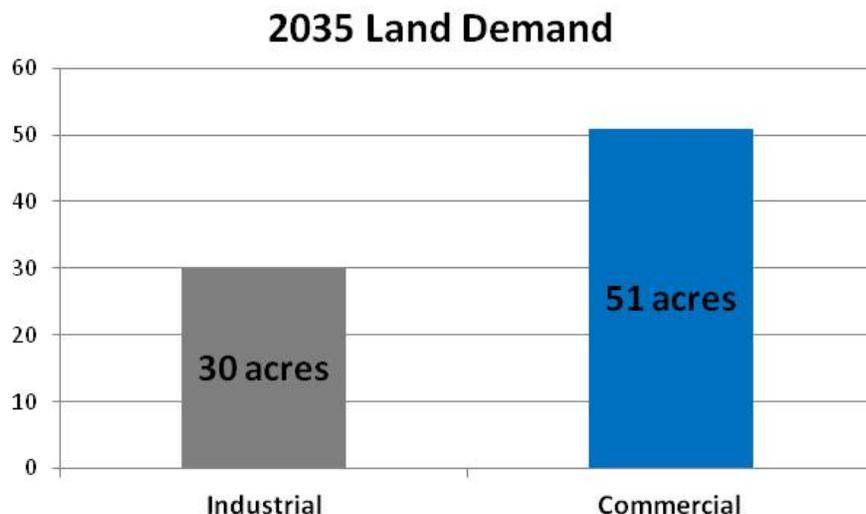


### 4. Central Eastside Land Demand

Employment growth estimates by sector are used, along with the corresponding building types that typically house these sectors, to identify land demand. Based on this there is an estimated total demand of 81 acres of land to satisfy the growth of 9,000 new jobs in the Central Eastside by 2035.

This breaks down to a 30 acre demand for developable industrial land in the Central Eastside which represents 37% of total land demand in the district. Industrial land demand can be further broken down into three building types within the district: general industrial (10 acres), flex space (6 acres), and warehouse and distribution (15 acres).

Land demand for commercial building types also accounts for a significant amount of anticipated total demand through 2035. There is a demand for 51 acres of commercial land over the next twenty years. Commercial building types include office, retail and institutional uses. Notably, office demand accounts for 17 acres of commercial demand.



## 5. Central Eastside Capacity

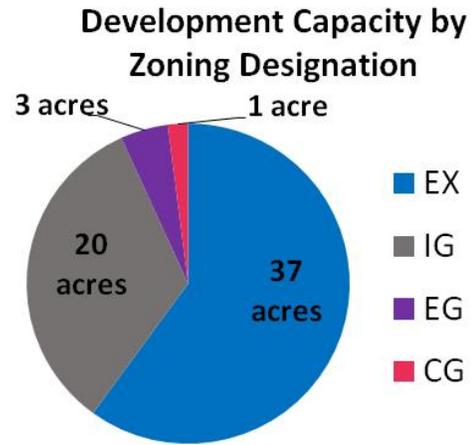
Based on this land demand and development capacity analysis, **there is not sufficient capacity to meet the distinct types of tenant demand that exist in the district.**

Specifically, there are currently 61 acres of redevelopable land in the Central Eastside. Based on current policies and regulations this would accommodate 75 percent of forecasted 2035 job growth. Therefore, this analysis demonstrates **there is a 20 acre shortfall in Central Eastside land supply** to meet this demand.

The majority of development capacity in the Central Eastside is located in the EX zones along major commercial corridors such as SE Grand Avenue, SE Martin Luther King Jr. Boulevard, SE Belmont Street and East Burnside Street. There is **37 acres of development capacity in the EX zones** which accounts for 60 percent of the development capacity in the entire district.

Development opportunities in industrial zones also represent a significant amount of capacity to accommodate employment related development. There is **20 acres of development capacity within industrially zoned lands** which accounts for 33 percent of the development capacity in the entire district.

Much of this development capacity is located near light rail stations in the southern portion of the SE Quadrant and in the Clinton Triangle area. Additionally, there is 3 acres of development capacity in EG zoned parcels.

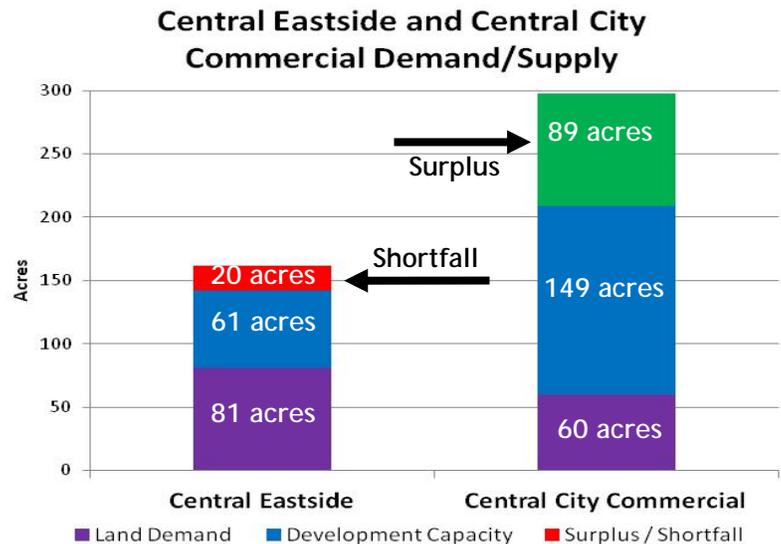


## 6. Comparison to Central City Commercial and Mixed-Use Areas

The geography of the Central Eastside is unique in that it contains the majority of land zoned exclusively for industrial and employment uses. In other words, these lands allow for a mix of different employment uses, with limited allowances for commercial office and retail uses. Residential uses are either prohibited or allowed only as a conditional use in specific situations.

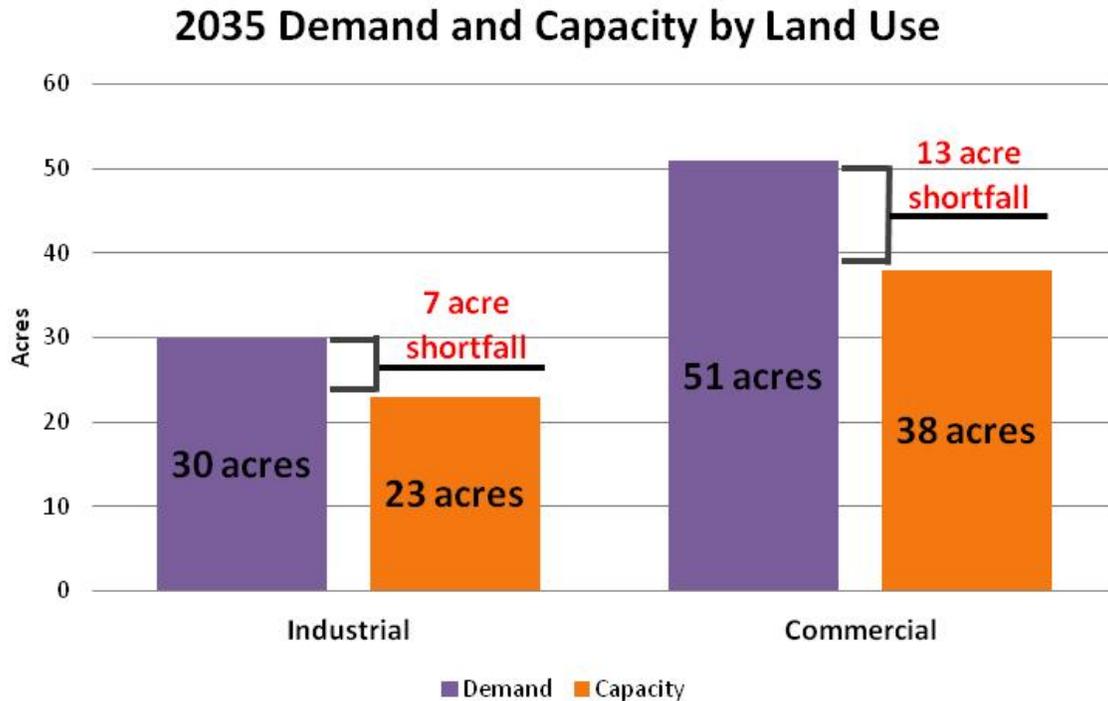
Conversely, the areas of the Central City outside of the Central Eastside that are zoned to allow office uses, as well as a mix of other uses including residential, retail, and institutional uses, have a 248% surplus of the land necessary to accommodate their projected job growth of 35,500 new jobs by the year 2035.

In short, there is an abundance of capacity for office and other commercial uses in the Central City as a whole, whereas the supply of industrial employment lands is limited.



## 7. Summary

The demand for industrial space in the Central Eastside is highlighted by the fact that 80 percent of the Central City's demand for industrial space through 2035 is located within the Central Eastside. There is less land available in the Central Eastside than is required to meet projected employment demand. There is a total shortfall of 20 acres in the Central Eastside to meet employment demand by 2035. There is a shortfall of 7 acres of industrial land and 13 acres of commercial land.



New or different strategies will be necessary to satisfy demand that include but are not limited to:

- Preserving land in the Central Eastside for employment use;
- Implementing policies and making investments to retain existing businesses;
- Encouraging higher employment densities on vacant and underutilized land;
- Encouraging higher employment densities through tools such as the Employment Opportunity Subarea;
- Implementing tools to encourage new building types, such as multi-story industrial or industrial mixed with office on upper floors;
- Allowing greater flexibility for employment uses near transit stations to allow for higher density employment, and
- Making infrastructure and investment decisions to remove development constraints such as brownfield remediation, transportation network limitations, and parking supply issues.