



REGIONAL INDUSTRIAL SITE READINESS REPORT PROJECT OVERVIEW

In 2011, Business Oregon, Metro, the Oregon chapter of NAIOP (the Commercial Real Estate Association), the Port of Portland, and Portland Business Alliance began a comprehensive review of the market-readiness of the Portland region's inventory of industrial sites of 25 acres or more¹. The goal of this project was to study the challenges, costs and benefits associated with the development of these large industrial sites to accommodate the expansion and recruitment of traded-sector companies. Traded-sector firms sell goods and services to buyers outside of the metro region, increasing the region's wealth. Attracting and retaining traded-sector industrial companies is important for the Portland region's and state's long-term economic prosperity.

Our region has the potential to grow the base of high-paying manufacturing and other traded-sector jobs, but the sites required for these new facilities often need investment to make them ready for large employers in a timely fashion. These investments include regulatory approvals (permitting, mitigation), infrastructure (sewer, water, transportation, fill), aggregation of sites, brownfields clean-up, and state/local actions (land division, rezoning, annexation).

Phase 1 of this project identified and evaluated 56 sites across our region that are zoned, planned or designated for future industrial development. Sites in the inventory were ranked based on their market readiness, or how much time is required to make the site "development-ready" for building construction: Tier 1 (more than 6 months to "development-ready"), Tier 2 (7 to 24 months to "development-ready"), and Tier 3 (more than 24 months to "development-ready"). The findings from this inventory were:

- Only nine of the 56 sites could be "development-ready" within six months, potentially resulting in missed expansion and recruitment opportunities and jobs.
- There are few industrial sites of 50 or more acres in the region, and only two of those are "development-ready" within six months. Parcel aggregation is a key issue to supplying larger sites to the market.
- Most Tier 2 and Tier 3 sites have many constraints to their development and will require significant investments, policy actions and time to make them ready for development.

Phase 2, completed in August 2012, further analyzed 12 diverse sites in the region from Tier 2 and 3. The sites were intended to be illustrative of a variety of traded-sector development opportunities and different challenges to development. The analyses included hypothetical traded-sector development scenarios along with the requirements, costs and development timeframe necessary to make these sites "development-ready". In addition, the economic benefits of successful development – jobs, state personal income taxes, and local property taxes - were identified. The findings from the detailed development assessments were:

¹ For purposes of this study, only vacant, industrially zoned or planned lands within the Portland metropolitan urban growth boundary (UGB) and selected urban reserves were analyzed. Rural areas of Clackamas and Washington counties outside the UGB were not included in this analysis. The study identified and documented user-owned sites held for future use but excluded these from the detailed analysis because these sites were not available to the marketplace.

- Significant time and financial resources are necessary to advance Tier 2 and 3 sites to a “development-ready” status.
- Infrastructure funding is a critical limiting factor to site readiness with off-site infrastructure representing 44% of costs, with transportation being the largest line item.
- Potential economic benefits (jobs, state personal income taxes, and local property taxes) from successful traded-sector development would be significant. The state’s general fund would be the largest beneficiary from associated job and income tax revenue growth.
- Front-end work on investigating and preparing sites for market readiness can have a significant impact on their viability as time and risk are key impediments. Site constraints with low costs and long timeframes may be a good initial place to focus efforts.
- A willing property owner and motivated jurisdiction are critical to moving industrial sites to market.

Potential Economic Benefit, All 12 Case Study Sites

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

(Source: Regional Industrial Site Readiness, August 2012)

Next steps

Ensuring our region can provide “development-ready” lands for new and growing companies is a responsibility of many partners: local, regional and state governments and the private sector. This project’s report provides recommendations that these partners should consider and act on to strengthen our state’s economy. A few of those recommendations include:

- Maintaining and expanding existing state infrastructure funding and technical assistance programs while exploring new opportunities for state support to move industrial sites to market readiness.
- Streamlining and improving predictability of state and local regulatory and permitting processes to reduce risk and increase private-sector investment.
- Encouraging state funding of due diligence work that can help attract private and public sector investment, speed environmental work and facilitate site aggregation efforts.
- Exploring opportunities for regional and state funding of due diligence studies and site preparation costs to reduce site uncertainties and increase readiness for development.

This report will inform discussions among elected officials and private-sector leaders to identify and implement new policies and investments to ensure the region and state has an adequate supply of “development-ready” industrial sites for traded-sector job growth. The report will be featured at a regional forum of the Oregon Business Plan on October 3, and at other public events in the months ahead.

A copy of the report and its recommendations can be found online at:
http://www.valueofjobs.com/land_study_2012/ls_land_readiness.html.

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