

New Economy Observatory
City of Portland Urban Renewal Area Analysis
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**Institute of Portland Metropolitan Studies
School of Urban Studies and Planning
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Table of Contents

<u>INTRODUCTION.....</u>	<u>1</u>
<u>ECONOMIC ANALYSIS OF PORTLAND URBAN RENEWAL AREAS.....</u>	<u>3</u>
<u>CENTRAL CITY URBAN RENEWAL AREAS.....</u>	<u>9</u>
<u>NORTH INTERSTATE.....</u>	<u>20</u>
<u>CENTRAL EASTSIDE.....</u>	<u>24</u>
<u>CONVENTION CENTER.....</u>	<u>28</u>
<u>LENTS.....</u>	<u>32</u>
<u>AIRPORT WAY.....</u>	<u>36</u>
<u>GATEWAY.....</u>	<u>41</u>

Introduction

At the dawn of the 21st Century, Metropolitan Portland has emerged as one of the most innovative metropolitan regions in the United States. The region continues to witness ongoing economic change, and is part of a world-wide transition to an increasingly knowledge-based economy.

For the past several years the Institute has engaged in an analysis of the performance of the Portland-Vancouver metropolitan area economy, and the major industrial clusters within the 6 counties. Our work to date (<http://www.upa.pdx.edu/IMS/NEO/NEO.html>) has provided a unique and strategic overview of economic performance in and the traded sector industrial clusters in the economy of metropolitan Portland.

That work has revealed several clear messages for policy makers about the future of our economy:

- Intellectual capital is key to our present prosperity and future success. We succeed today because of the talents of our people, not simply the cost of our water, electricity, or land.
- The environment for creative accomplishment and entrepreneurship should be a critical public concern. High quality neighborhoods, great schools, environmental quality, the availability of venture capital, and building and sustaining the Portland “brand” are inter-related issues that need to be addressed with a coordinated strategy.
- The industries of the future will extend and modify current local strengths. The seeds of what we will become are already planted here.
- Our most important industries are not here by chance. Contrary to popular belief, they are not “footloose.” Place matters, and the relationships that make key firms successful here are not easily transported.

Nonetheless, our work also points out forcefully that this is a time of transition and unprecedented economic change. Our desires for a more diverse economy have been met, but the result is fast becoming a new economic mix that has implications for much more than simply the economic life of the city and its region. Rapidly changing technology and shifting markets make this an exciting and challenging time to achieve and maintain prosperity.

Although easily taken for granted, the region’s economic prosperity is no accident. Other metropolitan areas have waited for a downturn to catalyze serious interest in understanding the forces that shape their economic destinies. This metropolitan area, we think, is more inclined to make conscious choices about how to shape its future.

In response to the dynamic nature of the economy in our region, and in light of our findings, the Institute of Portland Metropolitan Studies has created the “New Economy Observatory.” The mission of the New Economy Observatory (NEO) is to provide economic development professionals and local decisionmakers with strategic information regarding the:

- performance of the region’s economy, both in absolute terms and relative to other competitor metropolitan regions;
- nature and formation of new businesses, the cutting edge of change in the new economy;
- institutions, actors, and processes that support or impede the creation of new knowledge-based businesses in the region; and
- inter-relationships between the region’s quality of life and distinctive character, and the number and kind of new businesses being created.

We have consciously chosen the term “observatory” to name this initiative. By definition, an observatory is intended to provide both descriptive information and analysis useful for explaining the dynamics of the system under study. There is currently no central clearinghouse for monitoring and analyzing the emerging knowledge-based economy in this region. We believe that NEO is critically needed both to help inform local economic development efforts and to benchmark this region against others attempting to make the same kind of economic transition.

In this report, sponsored by and prepared for the City of Portland’s Portland Development Commission, we present specific information on economic activity within the City of Portland’s urban renewal areas. Urban renewal areas have wide-ranging development goals, and urban renewal plans attempt to chart a course that connects physical development and redevelopment with economic and workforce development efforts. This work was commissioned in support of the development of economic development strategies within urban renewal areas, and includes our observations about what we’ve learned by assessing economic activity within those places.

Finally, we would like to acknowledge the fine work done by the New Economy Observatory team this year. Joe Cortright and Ethan Seltzer were the principle managers and designers of the New Economy Observatory effort. Joe Cortright, of Impresa Consulting, was the primary author of this document. Ethan Seltzer, Carlos Vilalta, Heike Mayer, John Provo, Lisa Selman, and Diane Sullivan all made contributions to the form and content. Ethan Seltzer and Emily Renfrow provided the final edit and format.

Robin Roberts, Economic Development Manager of the Portland Development Commission was the inspiration for this report and key contact between project staff at the Institute and others at the Portland Development Commission. This report would not have been possible without the support, financial and otherwise, of Robin, Abe Farkas, and other members of the Portland Development Commission staff and management.

Economic Analysis of City of Portland Urban Renewal Areas

Introduction and Methodology

The objective of this analysis is to provide a basis for the refinement and implementation of development strategies for URAs. This analysis uses data on the regional economy and information about the distribution of firms and employment throughout the region as a basis for making inferences about the development opportunities in individual urban renewal areas. In general, we identified four desirable characteristics for industries present in URAs to qualify them as good potential targets for additional development:

- Concentration
- Growth
- Traded Sector Status
- Wages Paid

Concentration is important to development opportunities because similar or related businesses tend, to varying degrees, to cluster in different parts of the metropolitan area. Some businesses prefer central locations, proximate to the region's densest concentrations of employees, customers and other businesses. Other firms prefer more peripheral locations, to economize on land costs or to join other firms in their industry located there. With the general exception of activities that are dispersed because their customer base is dispersed (schools, churches, grocery stores, beauty salons, gas stations), most industries are more concentration in some parts of the metro area than they are in others. Areas that have an existing concentration of businesses of a particular type are likely to be a better location for further development of that industry than areas that do not have such a concentration.

Growth is important to development opportunities because it signals the opportunity for additional employment and investment in a particular industry. Stable or declining industries generally provide fewer opportunities for new development than do robustly growing industries. We have examined the growth rates of different industry segments in the metropolitan economy to determine which are growing rapidly and which not.

Closely related to the growth rate is whether an industry is part of a "traded sector" of the economy. Traded sectors are those businesses that sell their goods or services in markets for which there is national or international competition. Most manufacturing firms fall into this category (as they compete against manufacturers in other states and nations). Many services (health care, restaurant meals, personal services) are not traded. That is, the bulk of their output is sold to local consumers, and they face little if any direct competition from out of state firms. In general, local firms, collectively, tend to grow at about the same rate as the local economy (although there are variations in growth rates of different kinds of businesses do to changes in taste and incomes—think of espresso bars).

In contrast, the growth rate of traded sector firms is not tied to the growth of the local economy, they can grow much faster (or much slower) than the regional economy, depending on their ability, relative to their competitors, to successfully sell product to consumers outside the region. Traded sector firms may represent greater opportunities for growth simply because they can grow in the long run much faster than the regional economy. In contrast, development strategies that influence the location of non-traded sector firms may rearrange the location of economic activity in the region but do not influence the overall number of jobs in the regional economy.

Finally, high wages are an important characteristic of potential development prospects. Industries that pay above average wages contribute to raising the average incomes of the region's citizens and workers. High wage firms also provide greater spinoff and multiplier benefits per job created, because of higher pay. Higher wage firms also create greater returns to the public sector (through state personal and corporate taxes and local business income taxes). Creating additional low wage jobs can reinforce patterns of low wages in the region. In addition, firms that compete solely on the basis of low wages may find it difficult to sustain their operations in a large metropolitan area in the US, in the face of lower paid global competition.

Sources of Data

The primary source data for this analysis is the covered employment and payroll database provided by the Oregon Employment Department. Businesses subject to unemployment insurance law are required to file periodic reports with the Employment Department on the number of persons they employ and the total amount of their payroll. Individual businesses are classified according to the Standard Industrial Classification (SIC) system for reporting purposes. These data have been provided to the Institute of Portland Metropolitan Studies for planning purposes.

Data on individual firms from the Employment Department is confidential. However, aggregated data produced from individual firm records can be published. Consequently, this report provides data on groups of firms in particular urban renewal areas and in particular industrial classifications but suppresses information identifiable to specific firms. To assign individual firms to specific urban renewal areas, we utilized Metro's geo-coding of Employment Department data.

In order to study the location patterns of firms within Urban Renewal Areas, we relied on a private, non-confidential database of firms located in the Portland Metropolitan Area obtained from ESRI. This source of data provides information on individual business establishments, including their standard industrial classification (SIC code) and the approximate number of employees (expressed in standard firm size ranges). While these data are not identical to Employment Department records, because they are not confidential they can be mapped, and

we can use them to identify, by name, the largest firms in specific geographic areas.

Although they represent the best available data for understanding the economic characteristics of different urban renewal areas, these measures have important limitations. First, employment data do not represent a complete count of all of the firms or all of the economic activity in the region. A significant (perhaps 10 percent) share of the regional economy is accounted for by the activities of self-employed individuals and non-employer firms that are not subject to the unemployment insurance tax, and therefore are not included in our database.

Second, employment data are much less accurate for small geographic areas than for larger ones. The employment law does not require firms to report the actual work location of employees, nor does it require firms to report their physical location. Many firms file employment taxes from addresses (headquarters, their accountants) not connected to the worksite. While there have been extensive efforts to improve the geo-coding of this data, imperfections remain. In addition, for some classes of business (truck drivers, construction workers) a company location is not necessarily the same place people work.

Measures

This analysis uses the data described above to construct an economic profile of each of the urban renewal areas and to analyze its development opportunities. We examined the URA concentration, growth rate, and wage level of each two-digit industrial classification in the Portland metropolitan area. We also compiled data for each urban renewal area on the average wages of businesses in that urban renewal area, and the distribution of businesses by size of firm (number of employees). For each of the industry segments with a significant concentration in a URA, we used our proprietary database to identify leading firms, and to map the locations of all firms with more than 20 employees.

First, to analyze concentration, for each urban renewal area, we computed the location quotient of all two digit industries. In selected cases, particularly in the central city, we examined data for three-digit SIC classifications.

The location quotient is a measure of industrial specialization and is widely used in regional economic analysis. The location quotient is the ratio of the share of employment in a particular industry in a smaller geographic area (in this case an urban renewal area) to the share of employment in that same industry in a larger geographic area (in this case, the Oregon portion of the metropolitan statistical area). Where an industry represents the same share of the urban renewal area as it does the entire regional economy, the location quotient takes on a value of one. Industries that are more concentrated in a particular area than in the region as a whole have higher location quotients; industries that are relatively under-represented in a particular area have location quotients less than one. For the urban area analysis we generally used a critical value of 1.5 for the location

quotient to identify concentrated industries—that is, an industry had to make up 50 percent more of URA employment than they do regional employment.

Example Computation of Location Quotients

$$\frac{\text{Share of N.I. URA Employment}}{\text{Share of Portland Metro Employment}} = \text{Location Quotient}$$
$$\frac{\text{Share of SIC 37* in N.I. URA}}{\text{Share of SIC 37 in MSA}} = \frac{11.3\%}{1.3\%} = 8.4$$

*Transportation Equipment Manufacturing

Where two or more related industries (such as transportation services and wholesaling) had high location quotients in a single Urban Renewal Area, we grouped the employment of those SIC codes into a single category.

To evaluate the different growth rates of various industries that make up the regional economy, we used Employment Department data to compute the average annual rate of growth in employment in the region for the period 1992 to 1999. For the region as a whole, employment grew at an average annual rate of four percent over that period of time.

To evaluate the relative pay levels of different industries, we computed the average annual wage of employees in each two-digit industry in the region in 1999. The average annual wage of all employees in the Oregon portion of the Portland metropolitan area in 1999 was \$35,700.

To illustrate the locational patterns of important industry segments for each urban renewal area, we used the list of SIC codes identified as concentrated in each URA to select records from our proprietary database of firms with 20 or more employees. We used Geographic Information System (GIS) software to generate maps of the locations of each of these firms with markers designating each firm sized in proportion to the approximate number of employees in each firm. The result is to provide a map illustrating the densest concentrations of particular kinds of businesses in different parts of each Urban Renewal Area.

Overall Analysis

Our detailed analysis of each urban renewal area is presented in the subsequent sections of this report. Several broad patterns emerge from the detailed analysis, and are summarized here.

- Industrial specializations vary substantially from urban renewal area to urban renewal area
- In each urban renewal area, industries that are found disproportionately in that area account for the bulk of employment
- Within urban renewal areas, many kinds of industries tend to cluster close to similar firms.

- Growth rates vary substantially among industries.
- Wage levels vary substantially among industries.
- Strategic opportunities for development vary by industry sector.

1) Specializations Vary Among URAs

Economic activity is not randomly distributed across the metropolitan landscape. Each of our urban renewal areas has pronounced industrial strengths and weakness. Each plays its own special role in the metropolitan economy. For example, the central city accounts for the bulk of all finance, insurance, real estate (FIRE) and professional services employment, and there is virtually no such employment in Lents and North Interstate. Similarly, transportation equipment manufacturing is centered in North Interstate, air travel and car rental services near Airport Way, and food processing and distribution in Central Eastside.

These statistics suggest that each URA in the city of Portland has strengths and weaknesses for economic development. Any significant attempt to create job opportunities should pay attention to the local economic specialization. The use of the existing business structure may help to attract potential employers and provide jobs for the residents in the area or in other places within the city.

2) Specialized Industries Account for Most URA Employment

Specialization accounts for the bulk of employment in most urban renewal areas. A majority to three-fourths of the employment in each of the urban renewal areas studied is accounted for by two-digit standard industrial classifications that are at least fifty percent more concentrated in that urban renewal area than they are in the overall metropolitan economy. For example, three-quarters of the employment in the Airport Way Urban Renewal Area are accounted for by firms in industries that have a location quotient of 1.5 or greater.

Table 1: Share of URA Employment in Highly Concentrated Industries
(Regional LQ > 1.5)

<u>Urban Renewal Area</u>	<u>Share</u>
Airport Way	75%
Central City	57%
Central Eastside	61%
Convention Center	51%
Lents	73%
North Interstate	53%
Gateway	63%

3) Within URAs, Many Industries Cluster

When we map the location of those industries that are specialized in particular Urban Renewal Areas, we find that there is a strong tendency of some industries to cluster in particular parts of the area. For example, specialty retail firms in the Central City are heavily clustered near Pioneer Courthouse Square and the Pearl District. Professional service firms are closely linked to the 5th and 6th Avenue Transit Mall.

4) Growth Rates Vary Substantially Among Industries.

**Table 2: Growth Rate of Employment, 1992-99
Portland Metropolitan Statistical Area (Oregon portion)**

<u>Industry Segment</u>	<u>Average Annual Growth Rate</u>
Air Transport	10.7%
Personnel	9.7%
Creative Services	8.7%
Home Repair Remodel	6.2%
Visitor Services	4.2%
Professional Services	3.7%
Regional Economy	3.6%
Metals/Machinery	3.5%
Transportation Equipment	3.5%
Specialty Retail	3.1%
Wholesale	2.2%
Printing	2.0%
FIRE/Utilities	1.5%

Source: Author's calculations from Employment Department data

5) Wage Levels

While the region's average annual pay level in 1999 was more than \$35,000 per worker, according to the Employment Department data, average pay levels vary substantially by industry. Different industries use different combinations of workers in each occupational group. Some industries have large numbers of low-pay or part-time workers, while others are composed principally of higher-paid professionals. Table 3 illustrates average annual wages by major industry category for the metro area in 1999. Creative services annual wages were about \$20,000 per year higher than the regional average, while visitor services (hotel and restaurant) average wages per worker were about \$20,000 per year less.

**Table 3: Average Annual Pay, 1999
Portland Metropolitan Statistical Area (Oregon portion)**

<u>Industry Segment</u>	<u>Average Annual Pay</u>
Creative Services	54,494
FIRE/Utilities	49,430
Professional Services	49,400
Wholesale	48,600
Transportation Equipment	47,075
Metals/Machinery	40,263
Printing	38,573
Home Repair Remodel	36,169
Regional Economy	35,765
Air Transport	35,222
Personnel	20,306
Specialty Retail	20,082
Visitor Services	13,591

Source: Author's calculations from Employment Department data

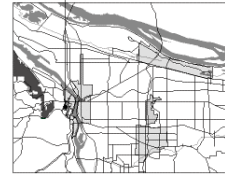
Central City Urban Renewal Areas

Because of their close proximity and the tendency of central city economic activity to spill across urban renewal area boundaries, we analyzed Central City urban renewal areas as a group. Included in the Central City Planning area are four Westside urban renewal areas: Downtown waterfront, South Park Blocks, River District, and North Macadam, and two Eastside urban Renewal Areas, Oregon Convention Center and Central Eastside.

Although we have lumped together all urban renewal areas within the boundaries of the Central City Plan due to functional inter-relationships in this part of the region, we have also provided separate analyses for the Central Eastside and Oregon Convention Center Urban Renewal Areas. Our analysis points to the fact that though there are strong interconnections between those two areas and the Central City as a whole, they also have unique activities and capacities requiring their own analysis. The limits of the data available to us could not yield similar conclusions for the rest of the urban renewal areas reported on in this section.



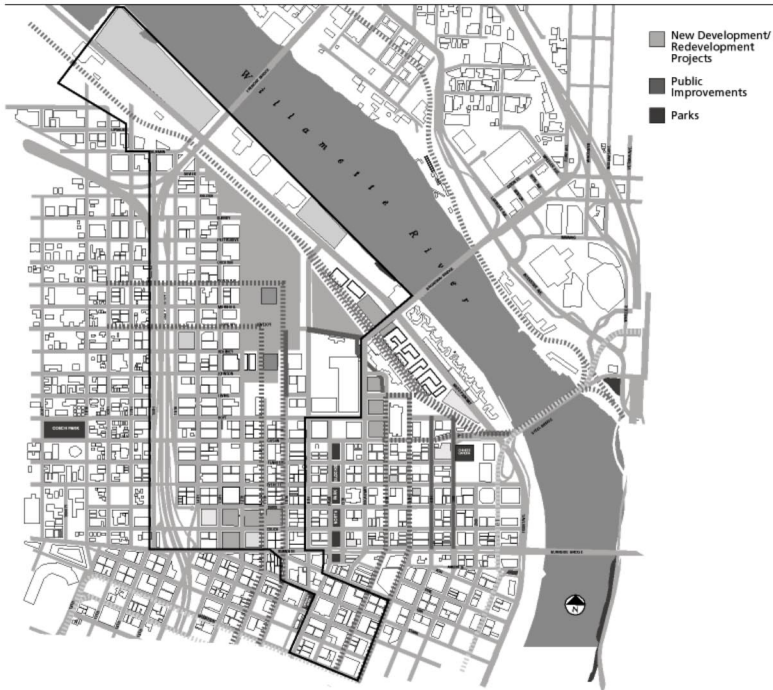
SPB



South Park Blocks



RD



River District



NMAC



North Macadam



Summary

The Central City is an important center for the delivery of financial, governmental and professional services and a hub of the region's visitor infrastructure. It is home to the corporate managers of utilities, insurance companies, and banks. In general, the central city is very strong in services of all kinds, and relatively under-represented in goods producing industries. Businesses located in the Central City are paying a premium for location in close proximity to other businesses, to customers and to the region's densest and most accessible concentration of workers.

Description: The Central City contained approximately 105,000 wage and salary employees in 1998. Average wages of \$39,800 were about 20 percent higher than the regional average.

Table 4: Central City Employment by Industry Segment, 1998

Industry Segment	Employment
FIRE / Utility	20,468
Professional Services	12,159
Visitor Services	12,058
Specialty Retail	8,569
Education / Social	6,064
Central City Infrastructure	6,017
Personnel	5,986
Government	5,185
Creative Services	4,212
Health Care	3,021
Printing	2,160
Other	19,264
Total	105,163

Specializations: The central city has a moderately high level of employment specialization. About half of the area's employment is accounted for industry segments that are at least fifty percent more concentrated in the central city than in the overall regional economy. The principal industry segments that constitute specializations of the central city include:

- Finance, Insurance, Real Estate & Utilities
- Professional Services
- Visitor Services
- Specialty Retail
- Education / Social
- CC Infrastructure
- Personnel
- Government
- Creative Services

Finance, Insurance, Real Estate, Utilities

Definition: Finance, insurance, real estate and utilities (including energy and telecommunications) are a major component of the central city economy. Firms in these segments are heavily involved in management, administration and transactions. This segment derives income by providing services to a mix of local and non-local consumers and businesses.

Total Employment: More than 20,000 persons are employed in these industry segments in the central city. Average wages for this group of industries is \$54,000.

Location Quotients: Location quotients for most segments of this industry group are high in the central city, in excess of 3 for insurance and utilities. Commercial banks, which have historically been clustered in central city, have a relatively low location quotient, suggesting that most of their employment is decentralized to branch operations.

Leading Firms: Leading firms in this area include Portland General Corporation, Qwest Communications, Standard Insurance, US Bank, Wells Fargo, Bank of America and Providence Health Plans.

Geography: Firms in the this industry segment are clustered in several different locations of the central city.

Professional Services

Definition (related SIC codes): Professional services includes attorneys (SIC 81 and engineering and management services (SIC 87). SIC 87 also includes accountants, architects, management consultants and other similar professionals.

Professional service firms sell their services to local businesses and consumers. Some firms sell their services to firms outside the region.

Total Employment: More than 12,000 persons work in the professional services industries in the central city, and average wages for this sector are approximately \$48,800.

Location Quotients: The location quotient for legal services in the central city (relative to the MSA) is 5.4, indicating a high concentration of this industry in the area. The location quotient for engineering and management services is 2.2, indicating a strong concentration of this sector in the central city.

Leading Firms: Leading professional service firms include Stoel Rives (attorneys), Deloitte & Touche (accountants), Industrial Design Corporation (engineers) and Zimmer, Gunsul Frasca (architects).

Geography: Professional services firms are concentrated in the heart of the central city, with many firms located on the 5th and 6th Avenue transit mall.

Visitor Services

Definition (related SIC codes): Visitor services includes hotels and motels (SIC 70) and restaurants and bars (SIC 58). Hotels and motels sell their services primarily to persons from outside the region (particularly business travelers), while bars and restaurants sell their output primarily to the region's residents, and secondarily to visitors from out of the region.

Total Employment: Visitor services account for more than 12,000 employees in the central city, but average wages are very low: \$14,414 per employee per year. A relatively high proportion of employees are part-time workers.

Location Quotients: The location quotient for hotels and motels in the central city (relative to the MSA) is 2.6, indicating a high concentration of this industry in the area. The location quotient for eating and drinking places is .83, indicating that there are relatively fewer restaurants and bars in the central city, as a fraction of total employment than elsewhere in the region. This may be misleading, because eating and drinking establishments are among the most dispersed economic activity in the region, and generally are found near residential areas. Relative to the local population in the central city there are a large number of restaurants and bars.

Leading Firms: Leading visitor service firms include the region's largest hotels, the Hilton, Heathman, Marriott and others.

Geography: Visitor services businesses are generally concentrated in the northern part of the central city (roughly between Burnside and Salmon Streets). Restaurants and bars while clustered in certain areas, are more dispersed than hotels and motels.

Specialty Retail

Definition (related SIC codes): Specialty retail firms include department stores (SIC 54), apparel stores (SIC 56) and miscellaneous retail shops (SIC 59). Many of these stores are highly specialized. Firms in these industry segments sell the bulk of their goods to regional residents, but the central city is also a destination for shoppers from outside the region, including visiting tourists.

Total Employment: More than 8,500 persons work in the specialty retail segment in the central city. Average wages are relatively low, at approximately \$19,300 annually.

Location Quotients: The location quotient for specialty retail (SICs 54, 56 and 59) for central city is 1.5

Leading Firms: Leading retailers in the central city include Meier and Frank, Nordstrom, and Powells.

Geography: Specialty retail firms in the central city tend to be tightly clustered in just a few locations. The largest location is the area within a few blocks of Pioneer Courthouse Square. Other firms are found near Burnside Street and in the Pearl District. There is also a major concentration of specialty retail firms in Lloyd Center.

Personnel Agencies

Definition (related SIC codes): The temporary staffing industry consists of SIC 736, and includes firms that provide contract employees to other firms on a temporary basis. This industry segment provides its services to a wide range of local businesses; no information is available on the industries in which temporary employees work.

Total Employment: Nearly 6,000 persons work for temporary staffing firms located in the central city, and earn an average wage of \$21,700.

Location Quotients: The location quotient temporary staffing services is 1.9, indicating a relatively high concentration of this industry in the area.

Leading Firms: Leading temporary staffing firms in the central city include Barrett Business Services, Guidance Services and Northwest Temporary Services.

Geography: Firms in the temporary staffing segment are concentrated in the heart of the central city. Although the official location of their employer is the central city, employees of temporary staffing agencies typically work at the site of the firm which contracts for their services. This may or may not be in the central city. Employment Department records do not record the actual work location of temporary staffing employees.

Education and Social Services

Definition (related SIC codes): Educational institutions include universities, public schools and private trade and vocational institutions (SIC 82). Social services include agencies providing counseling, training and other services for individuals (SIC 83). These industry segments provide services primarily to residents of the region.

Total Employment: About 6,000 persons work for educational institutions and social service agencies located in the central city, and earn an average wage of \$27,600, somewhat less than the regional average..

Location Quotients: The location quotient for education for the central city is .56, suggesting that this industry is far less concentrated in the central city than in other parts of the region. The location quotient for social services is .85 indicating a relatively low concentration of this industry in the central city. The location quotient for education, in particular may be somewhat misleading. Education is one of the most dispersed activities in the region (elementary and secondary schools spread throughout the region's residential areas). In some segments of education, particularly vocational schools and miscellaneous educational and social services, the central city is an important location. The location quotient for vocational education is 2.3 in the central city.

Leading Firms: Leading educational organizations include Portland State University, and the Art Institute. Leading social service organizations include the Portland Rehabilitation Center and Worksystems, Inc.

Geography: Educational institutions and social service agencies are relatively dispersed throughout the central city. The Portland State University campus is the largest concentration of education employment.

Central City Service Infrastructure

Definition (related SIC codes): Central city service infrastructure includes a series of services related primarily to the functioning of the central city, including parking lots, janitorial services, security services and building leasing and management. Firms in this industry provide their services primarily to businesses and consumers in the central city.

Total Employment: More than 6,000 persons work for firms that provide various aspects of central city infrastructure. The average wage for employees in this industry segment is somewhat lower than the regional average: about \$26,800.

Location Quotients: The location quotient real estate services and management for the central city is 2.6, indicating a relatively high concentration of this industry in the area. The location quotient for parking facilities is in excess of 6.

Leading Firms: Leading firms involved in providing central city infrastructure include City Center Parking, Guardian Management Corp, Coats Industries, Guardsmark and others.

Geography: Firms in this industry segment tend to be located throughout the central city.

Creative Services

Definition (related SIC codes): The creative services industry consists of firms engaged in advertising and public relations, film and video production, and various aspects of software. These industries span a number of SIC code categories, including portions of SIC 73 (Business Services), SIC 78 (Amusement), and SIC 87 (Engineering and Management Services). The exact definition used for this industry segment is drawn from our earlier study of the Creative Services industry¹.

Total Employment: Creative services account employ more than 4,200 employees in the Central City, at an average wage of more than \$57,000 per year.

Location Quotients: The location quotient for creative services in the central city (relative to the MSA) ranges from 1.4 for film and video product and software to 3.5 for advertising, indicating that these industries are relatively more concentrated in the central city than elsewhere.

Leading Firms: Leading firms in this area include the Weiden & Kennedy, KVO Public Relations, Commerce Path, Inc., Oracle and others.

Geography: Firms in the creative services industry are clustered in a variety of locations in the central city, with the largest concentration located just south of West Burnside Street.

Other Industries in the Central City

In addition to the industry segments described above there several other segments of the local industry that are significant employers in the central city.

Government: Federal, state and local agencies have significant operations in the central city and collectively employ more than 5,000 employees (exclusive of educational institutions which are counted separately). Average public sector wages are slightly less than \$40,000. Government operates are dispersed throughout the central city, with the largest concentration centered near the courts and city / county offices.

Health Care: Health care and related services, including offices of physicians and dentists account for about 3,000 employees in the central city. Average wages are over \$45,000 annually. There is a cluster of health care providers west of Southwest Tenth Avenue.

¹ http://www.portlanddev.org/creativeservices/pdf/cs_rept.pdf

Printing: The printing industry, including newspapers, book publishers and copy shops, accounts for about 2,000 employees in the central city. The largest employer is the Oregonian, the region's largest newspaper. Average wages are more than \$44,000 annually and employment is dispersed throughout the central city.

Strategic Development Opportunities

It is possible to analyze different industries according to their strategic potential by simultaneously examining their growth rates and location quotients. Figure 1 illustrates 1992 to 1999 regional growth rates and 1998 central city location quotients for selected industry sectors (generally two digit SIC code industries with more than 1,000 employees in the central city). In addition, we have disaggregated SIC 73 (Business Services) which contains more than 13,000 central city employees in a diverse array of industries.

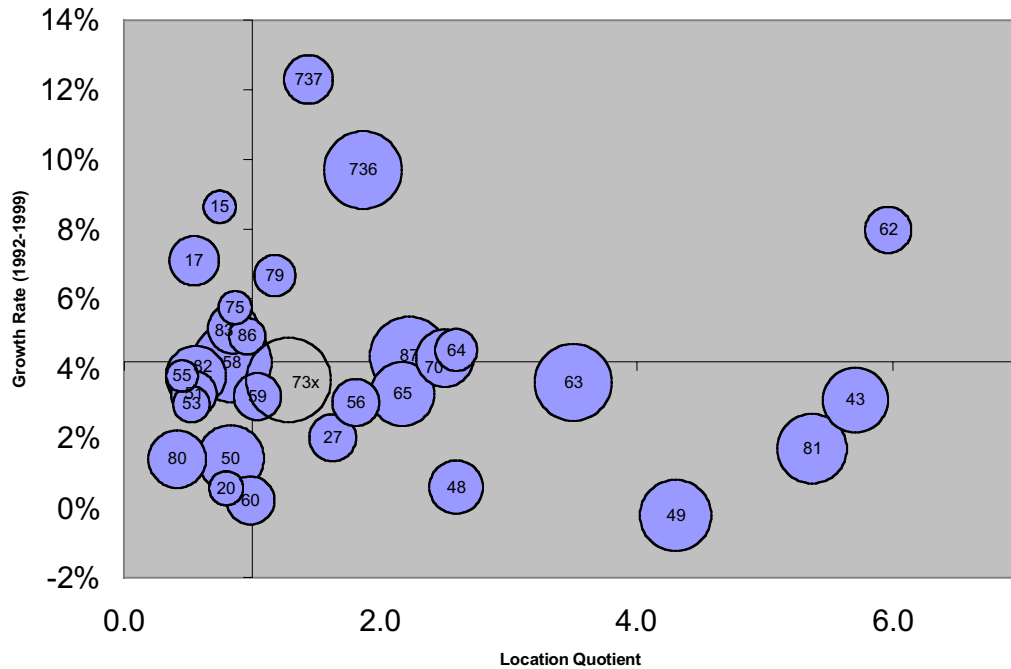
Figure 1 requires some explanation. Regional growth rates from 1992 to 1999 are shown on the vertical axis of the chart. The line drawn at 4 percent represents the average annual rate of employment growth in the region over that period of time. The central city location quotient of each industry is shown on the horizontal axis of the chart. The vertical line at the value of one corresponds to the point at which an industry is equally concentrated in the central city as it is in the rest of the region. The circles or bubbles shown on the chart represent different two digit industries, with the size of each circle drawn proportionate to the number of employees in that industry in the central city in 1998.

Fast growing industries are represented by bubbles toward the top of the chart; slower growing industries are toward the bottom. Industries that grew faster than the regional economy during the 1990s are above the horizontal line drawn at about 4 percent, slower growing industries are below it. Similarly, industries to the right of the vertical line drawn at $LQ=1$ are more concentrated in the central city than in other parts of the region, whereas industries to the left of that line are less concentrated in the central city.

Businesses in the lower right hand corner of the chart are the underperforming sectors of the central city economy—they are industries found disproportionately in the central city but which are growing more slowly than the overall economy.

Industries in the upper right hand quadrant of the chart are “driving” the growth of the central city—they are growing proportionately faster than the regional economy and are more concentrated in the central city than in the rest of the region. These industries include software (SIC 737), staffing services (SIC 736) and securities brokers (SIC 62). Conversely, industries in the lower left corner of the chart, are least relevant to the central cities growth: they are growing more slowly than the regional economy and show little preference for central city locations: health care (SIC 80) is the one of these sectors). These include utilities (SIC 48 and 49), and legal services (SIC 81).

Figure 1: Strategic Analysis of Central City Growth Opportunities



Source: Author's calculations from Employment Department data.

Key to Standard Industrial Classification (SIC) codes:

Construction		Insurance Agents	64
General Construction	15	Real Estate	65
Building Trades	17	Services	
Manufacturing		Hotel/Motel	70
Food & Kindred Products	20	Auto Repair	75
Printing	27	Misc. Repair	76
Transportation, Communications		Health	80
Communications	48	Legal	81
Electric/Gas/Utilities	49	Education	82
Wholesale		Social	83
Durable Wholesaling	50	Membership Orgs.	86
Non-Durable Wholesaling	51	Professionals	87
Retail		Personnel Services	736
General Merchandise	53	Software/Programming	737
Auto Dealers	55	Other Business Services	73x
Apparel & Accessories	56		
Eating & Drinking Places	58		
Misc. Retail	59		
Finance, Insurance, Real Estate			
Banking	60		
Security Brokers	62		
Insurance	63		

Central City URA: Principal Specializations

SIC	Description	LQ	Employees	Firms	Average Wage
48, 49, 60, 62, 63	FIRE /Utility	2.5	20,500	282	54,000
81, 87	Professional Services	3.5	12,200	918	48,800
58, 70	Visitor Services	1.4	12,100	417	14,400
54, 56, 59	Specialty Retail	1.5	8,600	365	19,300
82,83	Education and Social	0.6	6,100	186	27,600
65,738	CC Infrastructure	1.9	6,000	322	26,800
736	Personnel	1.7	6,000	68	21,700
9x	Government	1.2	5,200	19	39,400
731, 737, 781, 8743	Creative Services	1.9	4,200	235	57,100
80	Health Care	0.4	3,000	201	45,400
27	Printing	1.7	2,200	90	44,200
			86,100	3,103	

* Contains Downtown Waterfront, South Park Blocks, River District, North Macadam, Convention Center and Central Eastside.

North Interstate

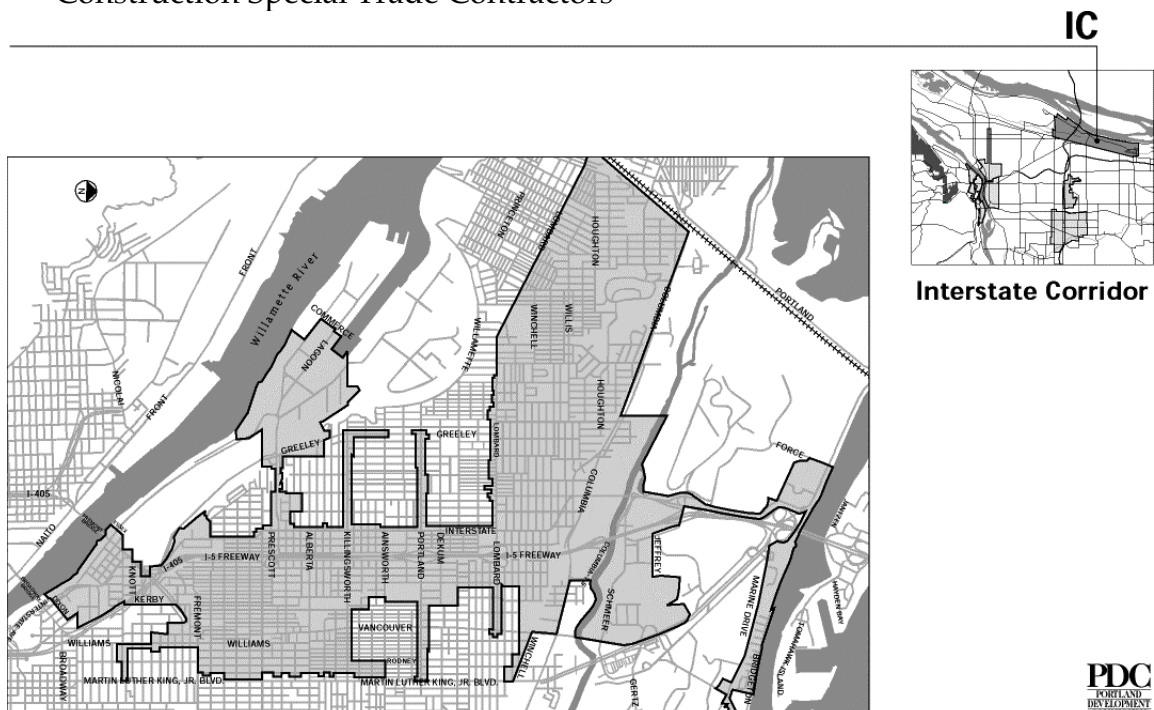
The North Interstate Urban Renewal Area, centered on North Interstate Avenue near the route of a future light rail line, was designated by the City in 2000.

Summary: The North Interstate Area is an important center for transportation equipment manufacturing and transportation services, including wholesaling. The area also has an important concentration of health care organizations. North Interstate has a typical mix of retail businesses, like eating and drinking establishments. Relative to the region, the URA is very under-represented in finance, insurance, real estate, and high tech manufacturing.

Description: The North Interstate Urban Renewal Area contained approximately 14,500 wage and salary employees in 1998. Average wages of \$36,900 were slightly higher than the regional average.

Specializations: North Interstate has a moderately high level of employment specialization. About half of the area's employment is accounted for by five two-digit standard industrial classifications:

- Transportation Equipment
- Health Services
- Trucking and Wholesaling
- Construction Special Trade Contractors



Transportation Equipment:

Definition: The transportation equipment cluster in the North Interstate area is dominated by truck manufacturing and ship repairing activities. In addition,

there are a number of firms engaged in automobile and truck repair, heavy equipment repair and transportation services in the area. This cluster is primarily a traded sector industry, selling the bulk of its output in markets for which there is national and international competition.

Total Employment: Total employment in SIC 37 (Transportation Equipment) was 2,100 in 1998.

Location Quotients: The location quotient for transportation equipment manufacturing in North Interstate (relative to the MSA) is over 5, indicating a very high level of concentration of this industry in the area. The location quotient for auto repair is 1.6.

Leading Firms: The leading firms in this cluster are Freightliner, a major national leader in the production of over-the-road trucks, and Cascade General, the region's leading ship repair contractor.

Related sectors: Portions of the durable goods wholesaling and specialty construction sectors are related to transportation equipment. In addition, firms in the automobile repair industry are related to this segment and employ approximately 275 workers in the URA.

Geography: Firms in this industry segment are concentrated on Swan Island.

Health Services

Definition (related SIC codes): The health services industry consists of SIC 80, and includes hospitals, doctors' offices, medical clinics and related establishments. This segment primarily sells its services to local (Portland area) consumers.

Total Employment: Health services accounts for approximately 1,850 employees in the North Interstate Urban Renewal Area.

Location Quotients: The location quotient for health services in North Interstate (relative to the MSA) is 1.9, indicating a relatively high concentration of this industry in the area.

Leading Firms: Leading firms in this area include the Legacy Emanuel Hospital, the Kaiser Health Clinics, and the American Red Cross.

Geography: Firms in the health care segment are concentrated in the Southern portion of the urban renewal area.

Durable Goods Wholesaling

Definition (related SIC codes): Wholesale trade of durable goods, SIC 50, includes firms that distribute a wide variety of manufactured products, including industrial equipment. (Some of these firms are related to the area's

transportation equipment manufacturing segment, for example automobile parts distribution).

Total Employment: Total employment in this segment is approximately 1,500 employees.

Location Quotients: The location quotient for durable wholesaling in North Interstate, (relative to the MSA) is 2.1, indicating a relatively high concentration of this industry in the area.

Leading Firms: Among many are Newell Distributors and Automotive Electric Distributors.

Geography: Many of these firms are concentrated around the Port of Portland and near the Convention Center.

Construction/Specialty Trade Contractors

Definition: Specialty trade contractors include firms employing electricians, pipefitters, masons and other special building trades. These workers can be involved in building projects, and many of these same skills overlap with ship repair and construction, part of the URA's key transportation equipment manufacturing segment.

Total Employment: Total employment in the construction trades in this area are about 1,050 in 1998.

Location Quotients. The location quotient for specialty trade construction in North Interstate, (relative to the MSA) is 1.8, indicating a relatively high concentration of this industry in the area.

Leading Firms: Temp Control Mechanical Corporation and Streimer Sheetmetal Works.

Geography: One cluster is located between Interstate Avenue and I-5. Another cluster is on North Basin Avenue.

Other Specializations

In addition to the principal specializations listed above, North Interstate contains above average concentrations of lumber and wood products and paper products firms, food processing, and petroleum and stone clay and glass production, although each of these is quite small.

Firm Size Distribution

Table 6 shows the distribution of private employment by firm size in the region. Only four of the area's private establishments have more than 250 employees but they account for about one in five of the area's employees.

Table 6: Private Employment Distribution by Firm Size

<u>Firm Size</u>	<u>Firms</u>	<u>Employees</u>
1 to 4	298	682
5 to 9	120	778
10 to 19	95	1,357
20 to 49	76	2,207
50 to 99	30	2,154
100 to 249	24	3,765
250 +499	4	2,818
Total	647	13,761

Wage Levels

The average wage in North Interstate is about \$36,900 per year, somewhat higher than the region average of \$33,000 per year in 1998. High average wages are attributable to the concentration of relatively high paid employment in health care, specialty construction and transportation equipment manufacturing.

North Interstate URA: Summary of Principal Specializations

<u>SIC</u>	<u>Description</u>	<u>LQ</u>	<u>Employees</u>	<u>Firms</u>	<u>Average Wage</u>
37,75	Transportation Equip. and Auto Repair	6.6	2,400	36	57,500
50	Wholesale Trade - Durable Goods	2.1	1,500	66	38,400
17	Specialty Trade Contractors	2	1,050	17	45,300
80	Health Services	1.8	1,850	80	42,400
			6,800	199	

Central Eastside

The Central Eastside Urban Renewal Area plan was originally approved in 1986.

Summary: This area provides a considerable number of jobs in the wholesale trade, services and retail trade industries. Particularly in businesses dealing with durable goods such as fresh fruits and vegetables, and home repair and building materials as well as auto sales and repair. The area is notoriously under-represented in finances and education at the regional level.

Description: The Central Eastside Urban Renewal Area contained approximately 14,200 wage and salary employees and 840 firms in 1998. The average wage was \$31,100, slightly below the PVMA average of \$32,500 for the same year.

Specializations: Central Eastside has a sensible high level of economic specialization. Approximately 60% of the employment is in the previously mentioned industrial categorizations which are:

- Wholesale Trade
- Home Repair and Remodeling
- Auto Sales and parts



Wholesale Trade

Definition (related SIC codes): This cluster is divided in 2/3 of employees working in the durable goods businesses and 1/3 in the non-durable goods businesses. Most of the durable goods firms employees work in fresh fruits and vegetables establishments. In regards to durable goods firms, employees are

mostly in motor vehicle supplies and new parts businesses. Also, there is a considerable number of firms specialized in hardware, commercial equipment and industrial supplies.

Total Employment: Total employment in SICs 50 and 51 (Wholesale Trade) was 3,500 in 1998.

Average Wage: \$34,600

Location Quotients: The location quotient for this industrial cluster is 2.9 representing a considerable high level of concentration and importance in the area.

Leading Firms: Among the leading firms are Pacific Coast Fruit and Star industries, both important employers in the area.

Geography: Firms in this industry segment are spread throughout the area.

Home Repair and Remodeling:

Definition (related SIC codes): The home repair and remodeling cluster (SICs 17, 25, 32, 52, 57) includes special trade contractors, furniture and fixtures, stone, clay, and glass products, building materials & garden supplies and furniture and home furnishings stores. Most of the employees work for plumbing, heating, air-conditioning and lumber and other building materials.

Total Employment: Home repair and remodeling accounts for 2,000 employees (14 %).

Average Wage: \$30,200

Location Quotients: The location quotient for this cluster is 2.3 indicating a 130% more employment in this SIC's above the Portland Metro average.

Leading Firms: Leading firms in this area include Cochran Inc. and Bachofner Electric Inc.

Geography: Firms in the home repair and remodeling cluster are concentrated around Martin Luther King Blvd., Grand Avenue and Division Avenue.

Auto Sales and Parts

Definition (related SIC codes): Auto Sales and parts cluster (SICs 55, 75) comprise firms that offer a variety of services such as new and used car dealers and automotive services (most of the employment in this cluster is in these particular businesses)

Total Employment: Total employment in this subdivision of the area's economy was in the order of 900 employees.

Average Wage: \$31,000

Location Quotients: The location quotient for auto sales and parts in Central Eastside (proportionate to PMSA) was 2.0, indicating twice the proportion of employment in this cluster in comparison to the region's average.

Leading Firms: Most of the firms are below 20 employees. One above this limit would be Wentworth Chevrolet.

Geography: Even though not visible in the map (firms smaller than 20 employees), most of the businesses are located on Martin Luther King Boulevard.

Other Specializations

Besides the principal specializations pointed out, Central Eastside contains above regional average strengths in Museums (LQ = 13.6) and food and Kindred (LQ = 5), although total employment is smaller than the previous clusters.

Firm Size Distribution

This area is dominated by businesses under 5 employees (37 %) although most of them work for medium to large size firms

Central Eastside Firm Size

	Firms	Employees
1 to 4	314	733
5 to 9	200	1334
10 to 19	147	2010
20 to 49	132	4017
50 to 99	28	1977
100 to 249	17	2654
250 to 499	5	1513
500+	0	0
Total	843	14238

Wage Levels

The average wage in Central Eastside was \$31,200 per year, somewhat below the metropolitan average of 32,500 in 1998. Lower than average wages are end result of type of businesses prevailing in the area which do not require highly skilled workers.

Central Eastside URA: Summary of Principal Specializations

SIC	Description	LQ	Employees	Firms	Average Wage
50,51	Wholesale Trade	2.9	3,500	217	34,600
17, 25, 32, 52, 57	Home Repair and Remod.	2.3	2,000	71	30,200
55, 75	Auto Sales and Parts	2	900	71	31,000
			6,400	359	

Convention Center

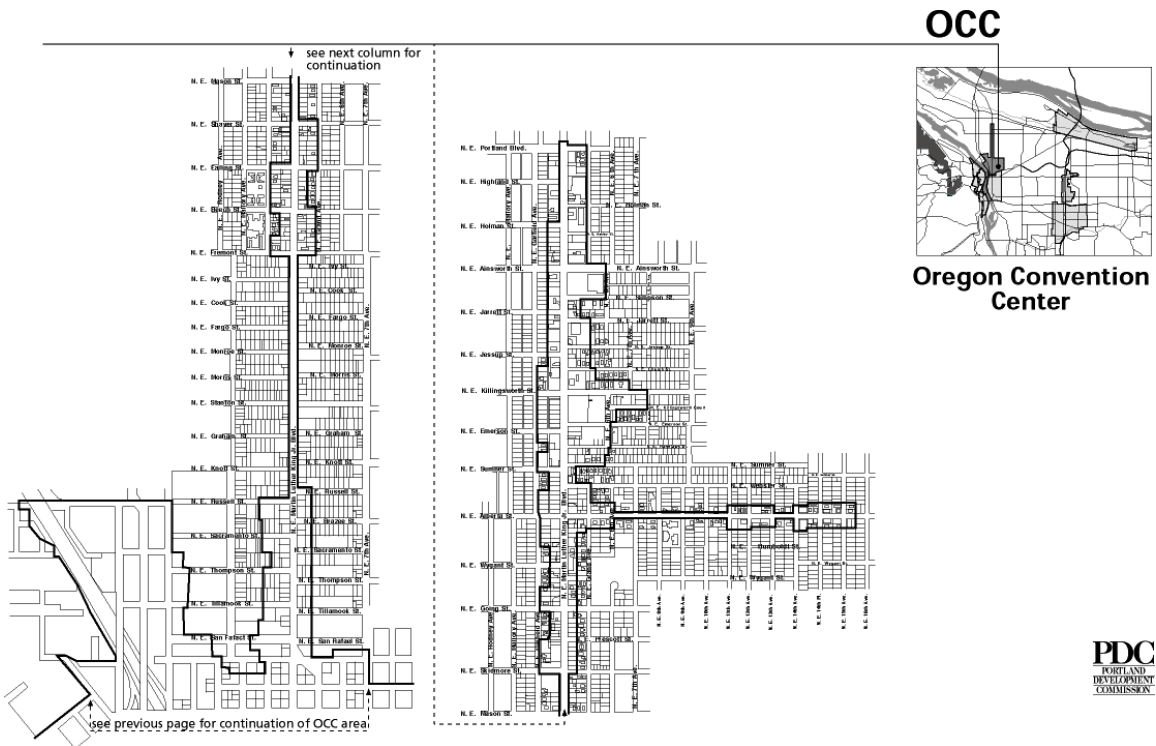
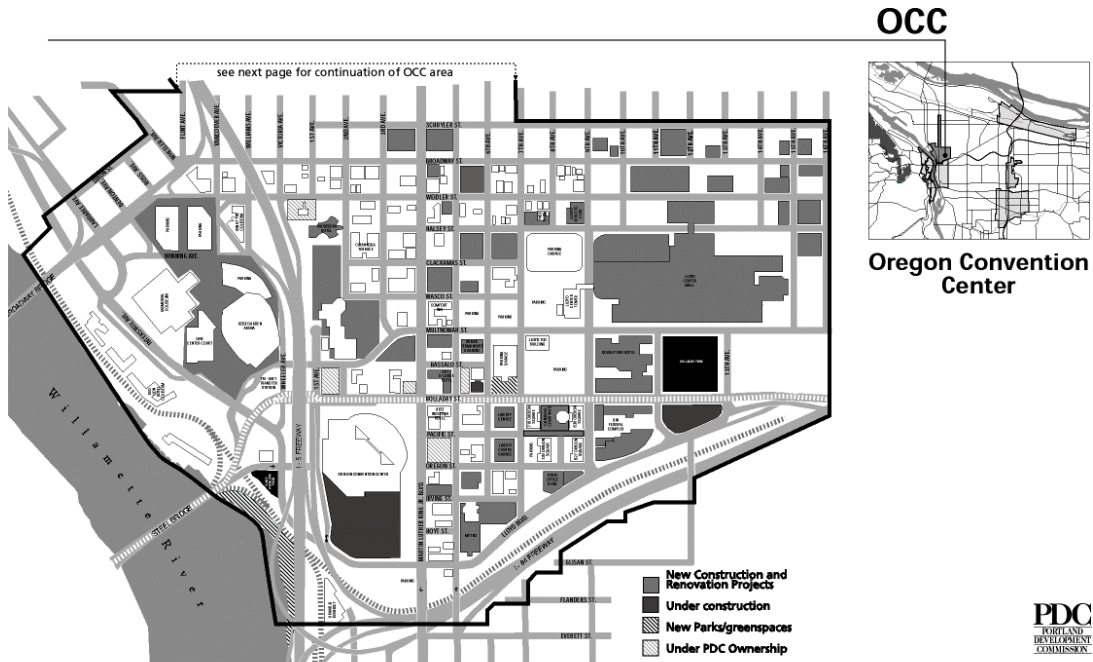
The Convention Center Urban Renewal Area Plan was originally approved in May of 1989. This area has a significant concentration of office employment and is an important regional center for shopping and entertainment activity.

Summary: The Convention Center area is a main node of accommodation, entertainment, recreation and retail businesses. This area has a vital concentration of financial services businesses as well. The area, including the Lloyd Center shopping mall, has a combination of eating places, miscellaneous retail, hotels and apparel and accessory stores. In comparison to the neighboring Central Eastside URA, the area has relatively few durable wholesaling businesses.

Description: This area contained around 15,000 wage and salary employees in 1998. The average wage was \$36,700, higher than the regional average of \$32,500.

Specializations: Convention Center has a relatively high level of employment specialization. About 33% of the area's employment is in the following industrial classifications:

- Finance, Insurance and Real Estate
- Specialty Retail
- Visitor Services



Finance, Insurance and Real Estate (FIRE)

Definition (related SIC codes): The finance, insurance and real estate cluster is dominated by insurance carriers (SIC 63), followed by security and commodity brokers (SIC 62) and real estate (SIC 65) businesses. Most of the employees work in fire, marine, and casualty insurance companies.

Total Employment: Total employment in these SICs was 1,800 in 1998.

Location Quotients: The location quotient for FIRE in Convention Center (relative to MSA) was 3.5 signifying a very high level of concentration of this industry in this area. In particular, the location quotient for insurance carriers was 3.8.

Leading Firms: The leading firms in this cluster are Kaiser Foundation and Pacificorp.

Geography: Firms in this industry segment are concentrated on Grand Avenue and Multnomah Street.

Specialty Retail

Definition (related SIC codes): The specialty retail cluster consists of apparel and accessory stores (SIC 56) and miscellaneous retail (SIC 59). Most of the employment is in family clothing stores and shoe stores.

Total Employment: Specialty retail accounts for 1,100 employees in the Convention Center Urban Renewal Area.

Average Wage: \$15,300

Location Quotients: The location quotient for specialty retail is 2.6 indicating a sizeable high concentration.

Leading Firms: Leading firms in this area include Nordstrom and Nike Retail.

Geography: Firms in this industry segment are concentrated around the Lloyd Center Mall.

Visitor Services

Definition (related SIC codes): Visitor Services includes firms offering goods and services as eating and drinking (SIC 58), hotels and other lodging (SIC 70), and amusement and recreation services (SIC 79). The majority of the employees work in eating places (1,200)

Total Employment: Total employment in this segment is approximately 2,200.

Average Wage: \$26,800

Location Quotients: The location quotient for visitor services is 1.7 (relative to MSA) demonstrating a significant specialization in this area.

Leading Firms: Among the leading employing firms are Holiday Inn and Stanfords Restaurant.

Geography: Many of these firms are concentrated around Grand Avenue and Halsey streets and in the Lloyd Center Mall

Other Specializations

In addition to the principal specializations listed above, Convention Center contains above the average concentration of auto dealers (SIC 55).

Firm Size Distribution

The firm size distribution is somewhat even compared to other areas, reaching the highest proportion of workers in medium size firms (20 to 49 employees).

Table 7: Firm Size Distribution

	Firms	Employees
1 to 4	217	468
5 to 9	160	1074
10 to 19	123	1636
20 to 49	70	2138
50 to 99	24	1679
100 to 249	12	1753
250 to 499	5	1688
500+	3	1871
Total	614	12307

Wage Levels

The average wage in Convention Center was \$36,700, higher than the region average of \$32, 500 per year in 1998. This average is consequence of a concentration of employees in financial services firms, generally offering well-paid jobs.

Convention Center URA: Summary of Principal Specializations

SIC	Description	LQ	Employees	Firms	Average Wage
62,63,65	FIRE	3.5	1,800	29	31,500
56,59	Specialty Retail	2.6	1,100	90	15,300
58,70,79	Visitor Services	1.7	2,200	94	26,800
			5,100	213	

Lents

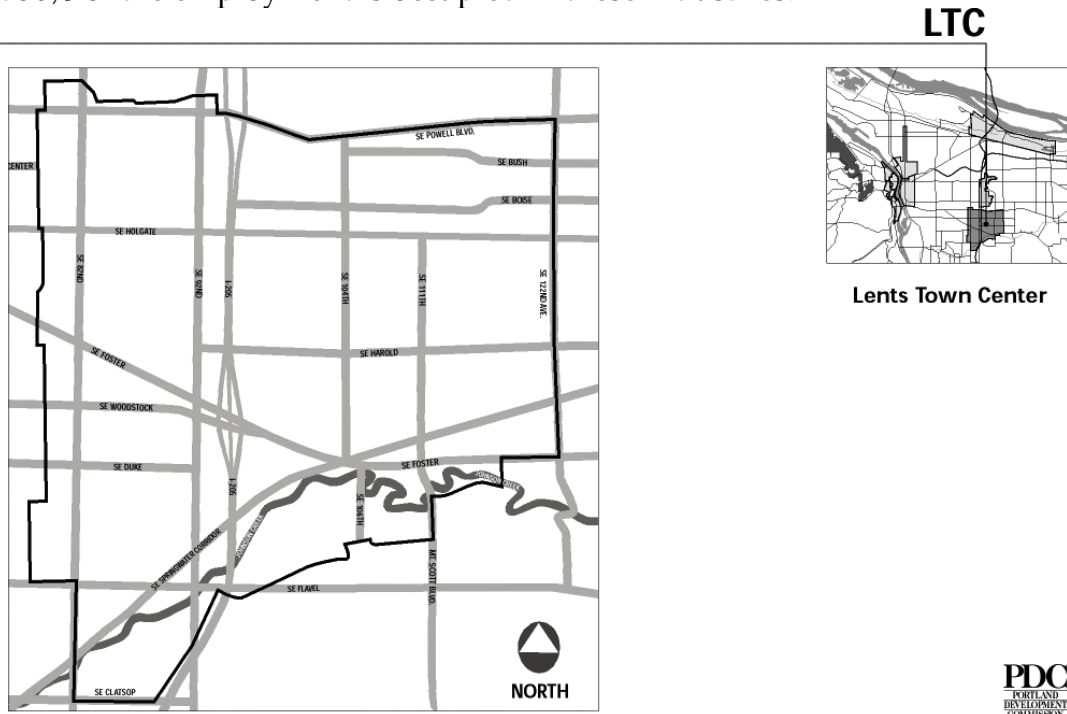
Summary: The Lents Urban Renewal Area is a residential area with businesses that are mostly directed to serving the local residents. In general, it has a concentration of businesses in specialty retail activities, such as general merchandise stores and furniture and home furnishings stores. Other important industries in the area are auto sales and services and food stores and restaurants.

Description: Lents is a relatively small urban renewal area in terms of employment. It contained 4,200 wage and salary employees in 1998. The average wage was \$23,500 a year, which is considerably (25%) below the metropolitan region's average.

Specializations: The Lents Urban Renewal area has a moderate degree of economic specialization, chiefly in industries catering to local resident demand, such as:

- Specialty Retail
- Auto Sales & Service
- Food Stores and Restaurants
- Special Trade Contractors

About 50% of the employment is occupied in these industries.



Specialty Retail

Definition (Related SIC codes): Specialty retail plays a major role in the local economy of the Lents area. This category is composed of building materials & garden supplies stores (SIC 52), general merchandise (SIC 53), furniture and

home furnishings stores (SIC 57) and miscellaneous retail (SIC 59) stores. Employees are mostly occupied in departmental and household appliance stores. This industry is concentrated primarily in serving the local market.

Total Employment: 900 employees (21% of the total) make this cluster the most important of the local economy of the area. Average wages for this set of industries is \$21,500.

Location Quotients: Location quotients for specialty retail is 4.0 which indicates that it represents 4 times as large a share of Lent employment than in the regional economy as a whole. In particular, the general merchandise location quotient is 6.0 and furnishings is 3.9.

Leading Firms: Leading firms in this area include Fred Meyer and L. & W. Supply Corp.

Geography: Firms in the this industry segment are located on principal avenues such as SE 82nd or Powell Boulevard.

Auto Sales & Service

Definition (related SIC codes): Auto sales and service includes automotive dealers & service stations (SIC 55) and auto repair, services, and parking (SIC 75) businesses. Most of the employment can be found in auto and home supply stores (30%).

Total Employment: This cluster was composed of 300 employees and average wages were \$26,100 in 1998.

Location Quotients: The location quotient for auto sales and service is 2.7 indicating a substantial concentration of these type of businesses (relative to the MSA).

Leading Firms: Curtis Trailers and Velvet Hammer.

Geography: Even though not visible on the map due to the nature of this type of industry, which represents small businesses, these tend to be located either on Foster Avenue or SE 82nd.

Food Stores and Restaurants

Definition (related SIC codes): Food stores (SIC 54) and restaurants (SIC 58) are the major employers in the area. It contains a variety of small restaurants and large grocery stores. This sector also is directed to serving the local residents.

Total Employment: In 1998 it had a workforce of 950 employees. For the same year the average wage in this cluster was \$16,200.

Location Quotients: The location quotient for this cluster (relative to MSA) was 2.6 indicating as well as the previous industries a fairly important subdivision of the local economy. Both SICs had the same location quotient of 2.6.

Leading Firms: Leading employer firms are Safeway, Denny's and McDonalds.

Geography: Food stores and restaurants are generally distributed along SE 82nd and Powell Boulevard.

Special Trade Contractors

Definition (related SIC codes): Special trade contractors firms (SIC 17) in the Lents urban renewal area typically include painting and paper hanging, plumbing, heating and air-conditioning and carpentry work. Firms in this industry segment sell their services to local residents.

Total Employment: 320 persons worked in this segment in 1998. Average wages of \$30,200 a year are somewhat smaller than the regional average of \$32,500.

Location Quotients: The location quotient for special trade contractors in Lents is 2.2 (relative to MSA) also indicating a relatively high concentration of this industry in this area.

Leading Firms: Hart Mechanical, Superior Fence and Construction.

Geography: Special trade contractors are spread over the area but always next to main avenues.

Other Specializations

In addition, Lents urban renewal area also contains above the average concentration of general building contractors (SIC 15) and personal services (SIC 72), particularly beauty shops.

Firm Size Distribution

Around fifty percent of the firms in the area are very small (fewer than 5 employees) the kind of business typically owned by local residents. A large proportion of the employment is concentrated in the twenty to forty nine employees firm size category.

Table 8: Firm Size Distribution

	Firms	Employees
1 to 4	188	403
5 to 9	91	632
10 to 19	58	806
20 to 49	36	1137
50 to 99	5	336
100 to 249	3	397
250 to 499	1	324
500+	0	0
Total	382	4035

Wage Levels

The average wage in Lents urban renewal area was \$23,500 annually significantly lower than the regional average of \$32,500. This low average is due to the nature of the jobs and services being offered in the area which do not require highly developed skills or intensive concentrations of capital investment.

Lents: Summary of Principal Specializations

SIC	Description	LQ	Employee s	Firms	Average Wage
52,53,57,59	Specialty Retail	4.0	900	36	21,500
55,75	Auto Sales and Services	2.7	300	48	26,100
54,58	Food Stores and Rests.	2.6	950	68	16,200
17	Special Trade Conts.	2.2	320	44	30,200
			2,470	196	

Airport Way

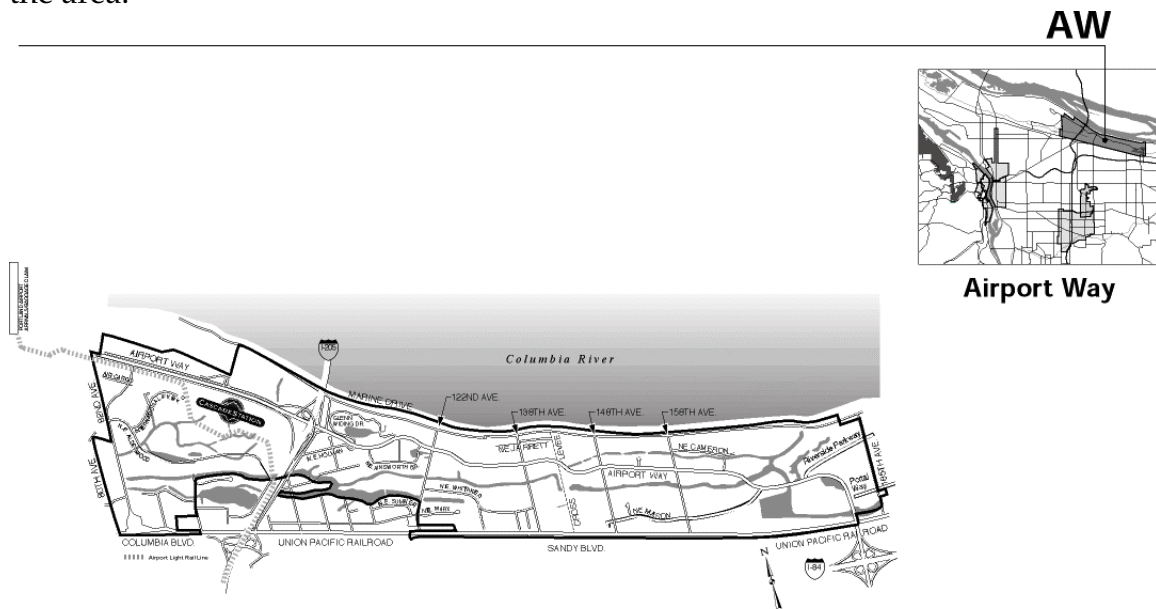
The Airport Way Urban Renewal Area has an important place in the region's economy and has the potential to attract and retain businesses in a variety of trades. It has a variety of businesses in air transportation services, metal and machinery manufacturing, wholesale trade and trucking and printing and publishing. Travel-related businesses are particularly important, with a large number of workers are employed in hotels and motels, passenger car rental, and airports and flying fields and services.

Description: This area contained around 13,200 wage and salary employees in 1998. The average wage was \$29,600, below the regional average of \$32,500.

Specializations: Airport way has a significant diversity of economic specializations. It has high a concentration of employment in the following clusters:

- Printing and publishing
- Air transportation services
- Metal machinery
- Wholesale trade
- Trucking

These sectors and clusters employ approximately 50% of the total workforce in the area.



Air Transportation and Related Services

Definition (related SIC codes): The air transportation services cluster is composed by transportation by air (SIC 45), transportation services (SIC 47), hotels and other lodging places (SIC 70) and auto repair, services, and parking businesses. Most of the employment in the area (75%) is in hotels and motels, passenger car rental and airports, flying fields and services.

Total Employment: This clusters accounted for 1,900 employees in the urban renewal area. The average wage was \$21,500.

Location Quotients: The location quotient for air transportation services is 4.0 (relative to MSA) indicating a major concentration in the economy.

Leading Firms: Leading firms in this area include Shilo Inn, Avis Rent A Car and National Car Rental

Geography: Firms in this cluster are concentrated around the airport, principally on Airport Way and NE 82nd Avenue. The Airport Way Urban Renewal Area does not include the terminal and operating facilities at Portland International Airport—these firms are located off-terminal, generally to the east of the Airport itself.

Metals and Machinery Manufacturing

Definition (related SIC codes): Metals and machinery manufacturing include fabricated metal products (SIC 34) and industrial machinery and equipment (SIC 35) firms. Employment is concentrated in hand and edge tools and mining machinery firms.

Total Employment: Total employment in this cluster is 1,500. Average wages were \$38,600 amount fairly higher than the MSA's average of \$32,500 for the same year.

Location Quotients: The location quotient for metal machinery was 3.5 (relative to MSA) demonstrating a significant specialization.

Leading Firms: Among the leading employing firms are Wagner Mining Co. and Blaser Die Casting Co.

Geography: These firms can be found all over the area. No spatial cluster was identified within the urban renewal area.

Wholesale Trade

Definition (related SIC codes): The wholesale trade cluster consists of durable (SIC 50) and non-durable goods (SIC 51) wholesalers. It is mainly composed of

businesses selling electrical apparatus and equipment, office equipment and motor vehicle supplies and new parts.

Total Employment: Wholesale trade accounted for approximately 2,000 employees. It is the largest employer sector in the area. The average wage was \$37,200 annually.

Location Quotients: The location quotient for this cluster (relative to MSA) is 1.9 indicating a quite high concentration of these businesses in the area.

Leading Firms: Leading firms include Costco Wholesale Corp. and Frito-Lay Inc.

Geography: Firms in the wholesale trade cluster are concentrated in the central section of the urban renewal area, mainly on NE Airport Way and NE Whitaker Way.

Trucking

Definition (related SIC codes): Trucking (SIC 42) includes mostly workforce employed in local trucking (without storage) and courier service (except by air) firms.

Total Employment: Total employment in the trucking segment in this area was about 400 in 1998. Average wage was \$28,800 in 1998, somewhat below the Portland MSA region average.

Location Quotients. The location quotient for trucking in Airport Way, (relative to MSA) was 1.6 indicating a relatively important concentration of this industry in this area.

Leading Firms: Silver Eagle Co. and Jet Delivery Systems Inc.

Geography: Firms can be found in the center portion of the urban renewal area on main avenues such as NE Airport Way or in smaller avenues with fast access to Highway 205. Trucking is also an important industry in the area west of the Airport, particularly along Columbia Boulevard.

Printing and Publishing

Definition (related SIC codes): The printing and publishing sector (SIC 27) is mainly composed of businesses offering services in commercial printing, lithography, blank books and loose-leaf binders, and periodicals.

Total Employment: Total employment in this SIC was 800 in 1998. The average was \$28,800 for the same year.

Location Quotients: The location quotient for printing and publishing was 5.2 (relative to MSA), notably one of the highest among the urban renewal areas, and indicative of the benefits of the location for this type of business.

Leading Firms: The leading firms in this segment are Treasure Chest Advertising and Metropolitan Printing Co.

Geography: Firms in this industry segment can be found mostly in the west of the area close to the Portland's airport.

Other Specializations

In addition to the principal specializations listed above, Airport Way contains above the average concentrations of firms in heavy construction (SIC 16) and Rubber And Misc. Plastics Products (SIC 30) economic activities.

Firm Size Distribution

The firm size distribution shows that the urban renewal area is dominated by medium size firms and a few small firms, indicating the importance of corporations for the local economy.

Table 9: Firm Size Distribution

	Firms	Employees
1 to 4	128	301
5 to 9	76	507
10 to 19	64	892
20 to 49	75	2326
50 to 99	34	2524
100 to 249	24	3531
250 to 499	5	1875
500+	1	528
Total	407	12484

Wage Levels

The average wage in Airport Way urban renewal area was \$29,600, somewhat lower than the metropolitan region's average of \$32,500 for the same year. Below average wages in the Airport Way area are a reflection of the relatively low paid jobs in the travel-related industries, like hotels and motels and eating and drinking places. Several industry segments, such as metals/machinery and wholesale trade offer wages above the regional average.

Airport Way URA: Summary of Principal Specializations

SIC	Description	LQ	Employees	Firms	Average Wage
27	Printing	5.3	800	15	28,800
45,47,70,75	Air Transportation	4.1	1,900	72	21,500
34,35	Metal Machinery	3.5	1,500	20	38,600
50,51	Wholesale Trade	2.0	2,000	118	37,200
42	Trucking	1.6	400	21	28,200
			6,600	246	

Gateway

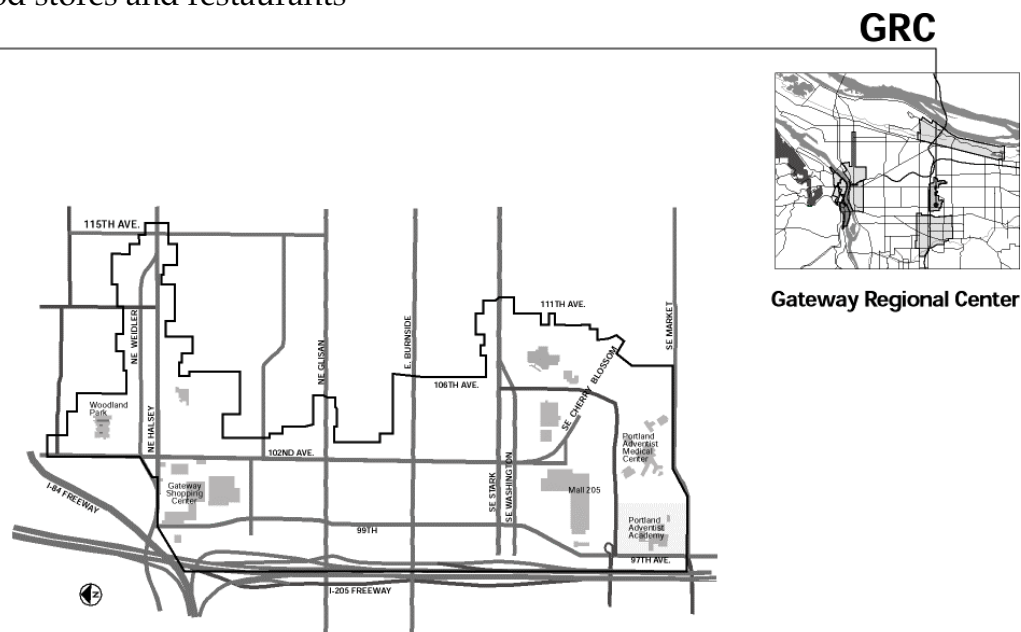
The Gateway URA was approved in 2001.

Summary: The Gateway URA is characterized by a relative handful of economic concentrations. The area provides a considerable number of jobs in health services, specialty retail and food stores and restaurants. Approximately 60% of the employment in the area is in these industries. In comparison to other renewal areas, Gateway is under-represented in financial services, wholesale trade and auto sales and services at the regional level.

Description: The Gateway area contained around 8,200 wage and salary employees in 1998. The average wage was \$31,500, slightly below the region's average of \$32,500 for the same year.

Specializations: Gateway has a high level of economic specialization in a few industries. The area has strong concentrations of employment in :

- Health services
- Specialty retail
- Food stores and restaurants



Health Services

Definition (related SIC codes): The health services industry (SIC 80) in Gateway employs workforce mainly in economic activities such as general medical & surgical hospitals, offices and clinics of medical doctors and dentists.

Total Employment: Health services accounted for 3,000 employees making this industry the leader employer in the area (36%) in 1998. The average wage was \$36,200 annually.

Location Quotients: The location quotient for this industry was 5.6 (relative to MSA) indicating a considerably level of firm concentration.

Leading Firms: Leading firms in this area are the Portland Adventist Medical Center and the Good Samaritan Hospital.

Geography: Firms in the health services industry are concentrated mostly in the central portion of the area.

Specialty Retail

Definition (related SIC codes): This cluster is composed by firms in general merchandise stores (SIC 53), apparel and accessory stores (SIC 56), furniture and home furnishings stores (SIC 57) and miscellaneous retail (SIC 59) activities. Most of the specialty retail employees work in department stores, followed by family clothing stores and radio, TV, and electronic stores.

Total Employment: Total employment in this cluster was 1,000 in 1998. The average wage for the same year was \$16,400 annually, considerably below the metropolitan average of \$32,500.

Location Quotients: The location quotient for this segment of the economy was 2.15 representing a considerable high level of specialization.

Leading Firms: Among the leading firms are Ross Stores, Rite Aid and Tower Records.

Geography: Firms in this industry segment are mostly located around the Gateway Shopping Center and on main avenues such as NE Halsey and 102nd Avenue.

Food Stores and Restaurants

Definition (related SIC codes): Food stores and restaurants cluster (SICs 54 and 58) workforce is employed mainly in eating places, serving mainly other industries employees and customers.

Total Employment: Total employment in this sector of the economy was in the order of 1,200 employees. The average wage was \$13,200 in 1998, the lowest found in any other sector of the Portland urban renewal areas economic specializations.

Location Quotients: The location quotient for food stores and restaurants was 1.6 (relative to MSA) showing its importance for the area's economy.

Leading Firms: Most of the firms are small. Among the major employers were Danna Brothers, Denny's and Acapulco Restaurant.

Geography: Clearly, the bigger firms in this industry are located in the central portion of the area on SE Stark and/or SE Washington.

Other Specializations

Besides the previous clusters, no other important specializations in the area were found.

Firm Size Distribution

As the table shows, medium and large size firms are fundamental for the economy of the area.

Table 10 Firm Size Distribution

	Firms	Employees
1 to 4	207	481
5 to 9	114	770
10 to 19	69	883
20 to 49	50	1592
50 to 99	18	1158
100 to 249	9	1228
250 to 499	2	668
500+	1	1362
Total	470	8142

Wage Levels

The average wage in the Gateway area was \$31,500 per year, slightly below the region's average of \$32,500 in 1998. This average is consequence of a large proportion of workers in the food store and restaurant cluster which in this area of the city have a very low average wage.

Gateway URA: Summary of Principal Specializations

SIC	Description	LQ	Employees	Firms	Average Wage
80	Health Services	5.6	3,000	104	36,200
53,56,57,59	Specialty Retail	2.1	1,000	61	16,400
54,58	Food Stores and Rests.	1.6	1,200	51	13,200
			5,200	216	