

RETAIL OPPORTUNITY ASSESSMENT
SPECIALTY GROCER
DOWNTOWN GRESHAM
OREGON

PREPARED FOR:
THE CITY OF GRESHAM

FUNDED BY:
OREGON DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

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PREPARED BY:



J O H N S O N
G A R D N E R

SERA



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G A R D N E R

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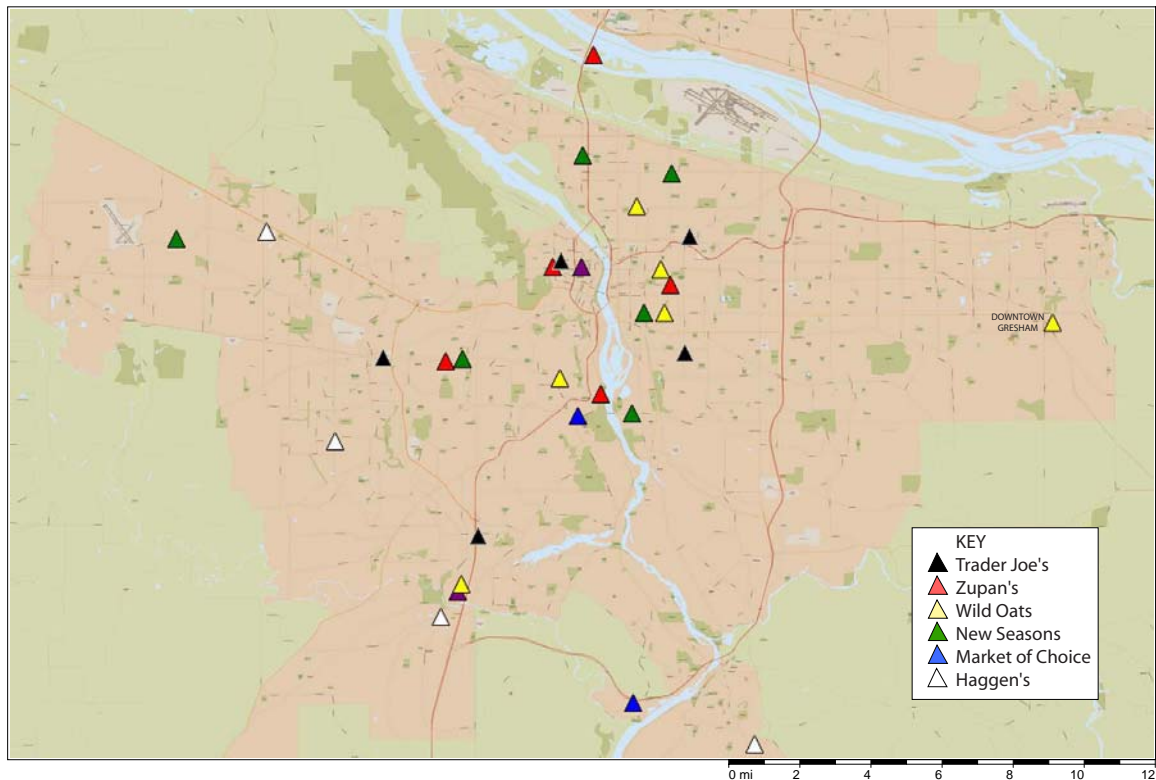
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I. MARKET CHARACTERISTICS

The downtown Gresham area represents an outstanding location for a specialty grocer, with good demographics, strong access and limited competition. Downtown Gresham is centrally located within East Multnomah County, and is served by a network of arterials as well as mass transit. The area is positioned as the central transportation node for the Eastside, with two light rail park and rides and a transit center within a half mile. In addition, the study area is centrally located within a large population base, which is substantially underserved by specialty grocers. There is a current population of 235,000 within fifteen minutes of the study area, representing an estimated 86,000 households.



As shown in the preceding map, downtown Gresham is centrally located within a large geographic area with virtually no specialty grocers. The sole existing specialty grocer in the area, excluding ethnic grocers, is a Wild Oats east of downtown. The access to the site and lack of competition should allow a specialty grocer in the area to draw from the extensive area extending west to Interstate 205, north to the Columbia River, South to include the significant new areas being planned for development and east to the urban growth boundary.

Downtown Gresham is served by an extensive arterial grid, which serves a broad trade area efficiently. The downtown area is at the confluence of a number of major arterials, as well as transit linkages. Regional auto access is provided by major east-west arterials such as Powell, Division and Burnside, while north-south access is available via Eastman Parkway/223rd, Cleveland and Hogan. Arterials serve as the primary transportation routes in the area east of Interstate 205. The only freeway in this extensive area is Interstate 84, which runs along the northern border of the trade area.



Future growth in the area is anticipated to be concentrated south of the site, with access via the Hood/Roberts couplet. The scale of this growth is unlikely to be adequate to support major new retail development on its own, but will contribute substantively to the buying power proximate to the study area. Anticipated development in the Springwater, Pleasant Valley and Happy Valley areas is expected to increase population by 22,000 persons, with the Damascus area expected to add between 65,000 and 80,000 new persons when fully developed.

The demographics in the trade area served by Downtown Gresham have improved substantially over the last five years, a trend that is projected to continue. Overall household income growth is projected to increase at an average annual rate of 2.8%, with the distribution of higher income households (those earning better than \$75,000) expecting to increase to a 33% of all households. Marginal growth in the area is expected to represent relatively high-income households, further improving local demographics.

The downtown Gresham area has been designated as a “Regional Center” by Metro, the Portland metropolitan area’s regional planning agency. With this designation is a regional commitment to make the area an economically vital urban core. The area has already seen a number of investments, with redevelopment picking up pace in recent years. The experience in the region to-date is that the Regional Centers have seen both increased density as well as a higher income, more educated demographic over time.

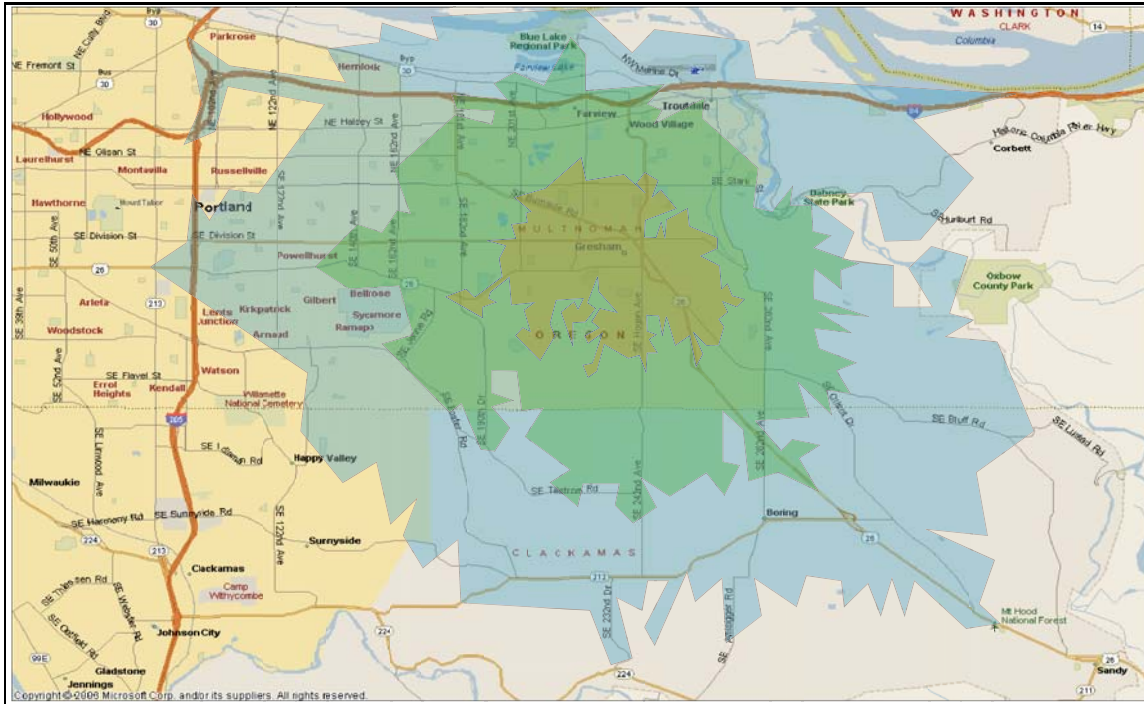
A site in the Downtown Gresham area has the ability to serve one of the largest demographic concentrations in the Portland metropolitan area, as well as one of the most under-served in terms of specialty grocery goods. The depth of demand is large and growing, with competition extremely limited. The study area is well located with respect to current households, as well as in the path of growth for new development.



II. DEMOGRAPHICS

Demographics were run for three alternative drive time isochrons; five, ten and fifteen minutes. The following map shows the geographic delineation these isochrons:

FIVE, TEN, & FIFTEEN MINUTE DRIVE TIME ISOCHRONS
GRESHAM, OREGON





A. FIVE MINUTE DRIVE TIME

Estimates from 2004 indicate there are approximately 15,174 households and 39,549 individuals residing within five minutes of the subject area. With annual growth since 2000 averaging 1.6% and 1.7% respectively, population and household growth in the trade area has been relatively modest, performing roughly on par with the metro average. Over the next five years, both population and household growth are expected to slow slightly, to approximately 1.5% and 1.6%, respectively. The average household size is also expected to drop slightly, from 2.57 persons per household in 2000 to 2.55 in 2009.

The average household income for the area is currently \$59,159. Over the next five years, household income is expected to grow by 2.8% annually to \$67,810. Despite modest growth in household income, the trade area appears to be gentrifying. The distribution of households in every income cohort below \$75,000 has decreased since 2000. Conversely, every cohort above \$75,000 has displayed solid increases in share of households. This trend is likely to continue over the next five years. At current, only 26% of local households have incomes above \$75,000. By 2009, this distribution will grow to better than 33%.

Consumer Expenditure Forecasts (2004-2024)

Consumer expenditure forecasts were needed in order to estimate demand for retail space in the designated market area. Figures presented in Table 2.01 below represent the summation of consumer spending inside the trade area by both local and out of area residents. Assuming no growth in average income levels, the trade area will see retail expenditures increase from approximately \$386.8 million in 2004 to more than \$540.8 million in 2024. The largest component of growth will be in the demand for food and beverage stores, closely followed by clothing and clothing accessories stores. Total annual consumer spending is expected to increase by over \$153.9 million by 2024.

Five Minutes Drive Time		Per Household Expenditures 2/	Household Retail Spending in Millions (Households)					
			2004	2009	2014	2019	2024	'04-'24
NAICS Category			15,156	16,480	17,920	19,485	21,187	6,031
442	Furniture and Home Furnishings Stores	\$1,001	\$15.2	\$16.5	\$17.9	\$19.5	\$21.2	\$6.0
443	Electronics and Appliance Stores	\$2,669	\$40.5	\$44.0	\$47.8	\$52.0	\$56.5	\$16.1
444	Building Materials and Garden Equipment	\$1,182	\$17.9	\$19.5	\$21.2	\$23.0	\$25.0	\$7.1
445	Food and Beverage Stores	\$6,681	\$101.3	\$110.1	\$119.7	\$130.2	\$141.6	\$40.3
446	Health and Personal Care Stores	\$2,422	\$36.7	\$39.9	\$43.4	\$47.2	\$51.3	\$14.6
448	Clothing and Clothing Accessories Stores	\$3,789	\$57.4	\$62.4	\$67.9	\$73.8	\$80.3	\$22.9
451	Sporting Goods, Hobby, Book and Music Stores	\$2,094	\$31.7	\$34.5	\$37.5	\$40.8	\$44.4	\$12.6
452	General Merchandise Stores	\$1,119	\$17.0	\$18.4	\$20.1	\$21.8	\$23.7	\$6.7
453	Miscellaneous Store Retailers	\$884	\$13.4	\$14.6	\$15.8	\$17.2	\$18.7	\$5.3
722	Foodservices and Drinking Places	\$3,683	\$55.8	\$60.7	\$66.0	\$71.8	\$78.0	\$22.2
Totals/Weighted Averages		\$25,524	\$386.8	\$420.6	\$457.4	\$497.3	\$540.8	\$153.9

B. TEN MINUTE DRIVE TIME

Estimates from 2004 indicate there are approximately 51,000 households and 142,000 individuals residing within ten minutes of the subject area.

Consumer Expenditure Forecasts (2004-2024)

Estimates indicate that in 2004, the ten minute retail trade area will generate approximately \$1.35 billion in retail sales. Food and beverage stores accounted for nearly \$356 million or 26% of retail sales. By the year 2024, the area will produce over \$1.96 billion in annual retail sales, reflecting an increase of 45.4%.



Ten Minutes Drive Time		Per Household Expenditures 2/	Household Retail Spending in Millions (Households)					'04-'24
			2004	2009	2014	2019	2024	
NAICS Category			51,783	56,864	62,444	68,571	75,299	23,516
442	Furniture and Home Furnishings Stores	\$1,016	\$52.6	\$57.8	\$63.4	\$69.7	\$76.5	\$23.9
443	Electronics and Appliance Stores	\$2,706	\$140.1	\$153.9	\$169.0	\$185.6	\$203.8	\$63.6
444	Building Materials and Garden Equipment	\$1,246	\$64.5	\$70.9	\$77.8	\$85.4	\$93.8	\$29.3
445	Food and Beverage Stores	\$6,869	\$355.7	\$390.6	\$428.9	\$471.0	\$517.2	\$161.5
446	Health and Personal Care Stores	\$2,454	\$127.1	\$139.5	\$153.2	\$168.3	\$184.8	\$57.7
448	Clothing and Clothing Accessories Stores	\$3,890	\$201.4	\$221.2	\$242.9	\$266.7	\$292.9	\$91.5
451	Sporting Goods, Hobby, Book and Music Stores	\$2,137	\$110.7	\$121.5	\$133.4	\$146.5	\$160.9	\$50.3
452	General Merchandise Stores	\$1,135	\$58.8	\$64.5	\$70.9	\$77.8	\$85.5	\$26.7
453	Miscellaneous Store Retailers	\$918	\$47.5	\$52.2	\$57.3	\$62.9	\$69.1	\$21.6
722	Foodservices and Drinking Places	\$3,713	\$192.3	\$211.1	\$231.9	\$254.6	\$279.6	\$87.3
Totals/Weighted Averages		\$26,084	\$1,350.7	\$1,483.2	\$1,628.8	\$1,788.6	\$1,964.1	\$613.4

C. FIFTEEN MINUTE DRIVE TIME

Estimates from 2004 indicate there are approximately 86,000 households and 235,000 individuals residing within fifteen minutes of the subject area.

Consumer Expenditure Forecasts (2004-2024)

The restriction of the Columbia River to the north coupled with low density areas to the south and east causes the fifteen minute trade area projections to be slightly lower than what would otherwise be expected. Nevertheless, an estimated \$2.23 billion in retail sales was realized in 2004. By the year 2024, retail sales are expected to grow to \$3.09 billion annually. In other word, household growth in the fifteen minute trade area will support an additional \$862.6 million in retail sales by 2024.

Fifteen Minutes Drive Time		Per Household Expenditures 2/	Household Retail Spending in Millions (Households)					'04-'24
			2004	2009	2014	2019	2024	
NAICS Category			85,636	92,919	100,821	109,396	118,700	33,064
442	Furniture and Home Furnishings Stores	\$1,020	\$87.3	\$94.8	\$102.8	\$111.6	\$121.1	\$33.7
443	Electronics and Appliance Stores	\$2,694	\$230.7	\$250.3	\$271.6	\$294.7	\$319.8	\$89.1
444	Building Materials and Garden Equipment	\$1,274	\$109.1	\$118.4	\$128.4	\$139.4	\$151.2	\$42.1
445	Food and Beverage Stores	\$6,856	\$587.1	\$637.1	\$691.2	\$750.0	\$813.8	\$226.7
446	Health and Personal Care Stores	\$2,537	\$217.3	\$235.7	\$255.8	\$277.5	\$301.1	\$83.9
448	Clothing and Clothing Accessories Stores	\$3,833	\$328.2	\$356.2	\$386.4	\$419.3	\$455.0	\$126.7
451	Sporting Goods, Hobby, Book and Music Stores	\$2,135	\$182.8	\$198.4	\$215.3	\$233.6	\$253.4	\$70.6
452	General Merchandise Stores	\$1,129	\$96.7	\$104.9	\$113.8	\$123.5	\$134.0	\$37.3
453	Miscellaneous Store Retailers	\$930	\$79.6	\$86.4	\$93.8	\$101.7	\$110.4	\$30.7
722	Foodservices and Drinking Places	\$3,681	\$315.2	\$342.0	\$371.1	\$402.7	\$436.9	\$121.7
Totals/Weighted Averages		\$26,089	\$2,234.2	\$2,424.2	\$2,630.3	\$2,854.0	\$3,096.8	\$862.6



III. SITE DEVELOPMENT CONCEPTS

A series of subareas were identified within the downtown study area, with prototypical design solutions produced for each of these subareas. The market study area consists of three sub-areas, hereinafter referred to as the Downtown Core, the Arts District, and the Urban-Residential Neighborhood. The primary east-west connections through these sub-areas are Second and Third Street, where the majority of commercial uses are located and where the Performing Arts Center is planned to be built. The primary north-south connections are along Hood and Kelley, which link the residential neighborhoods south of Powell and north of Division as well as the Main Street Light Rail Station and the future site of the aforementioned Performing Arts Center.

Each of the three areas offers different opportunities for and constraints to creating a successful grocery store. The following is a brief summary of the three subareas:

Downtown Core - The Downtown Core area, located between Roberts, Miller, 8th Street, and Powell Boulevard is the most urban of the three zones. Sites are typically smaller and more built-up, making either infill or the redevelopment of an existing building the likely mode of development. Because this area generally consists of a more intense development pattern, finding sites large enough to accommodate a grocery store and its requisite parking is difficult.

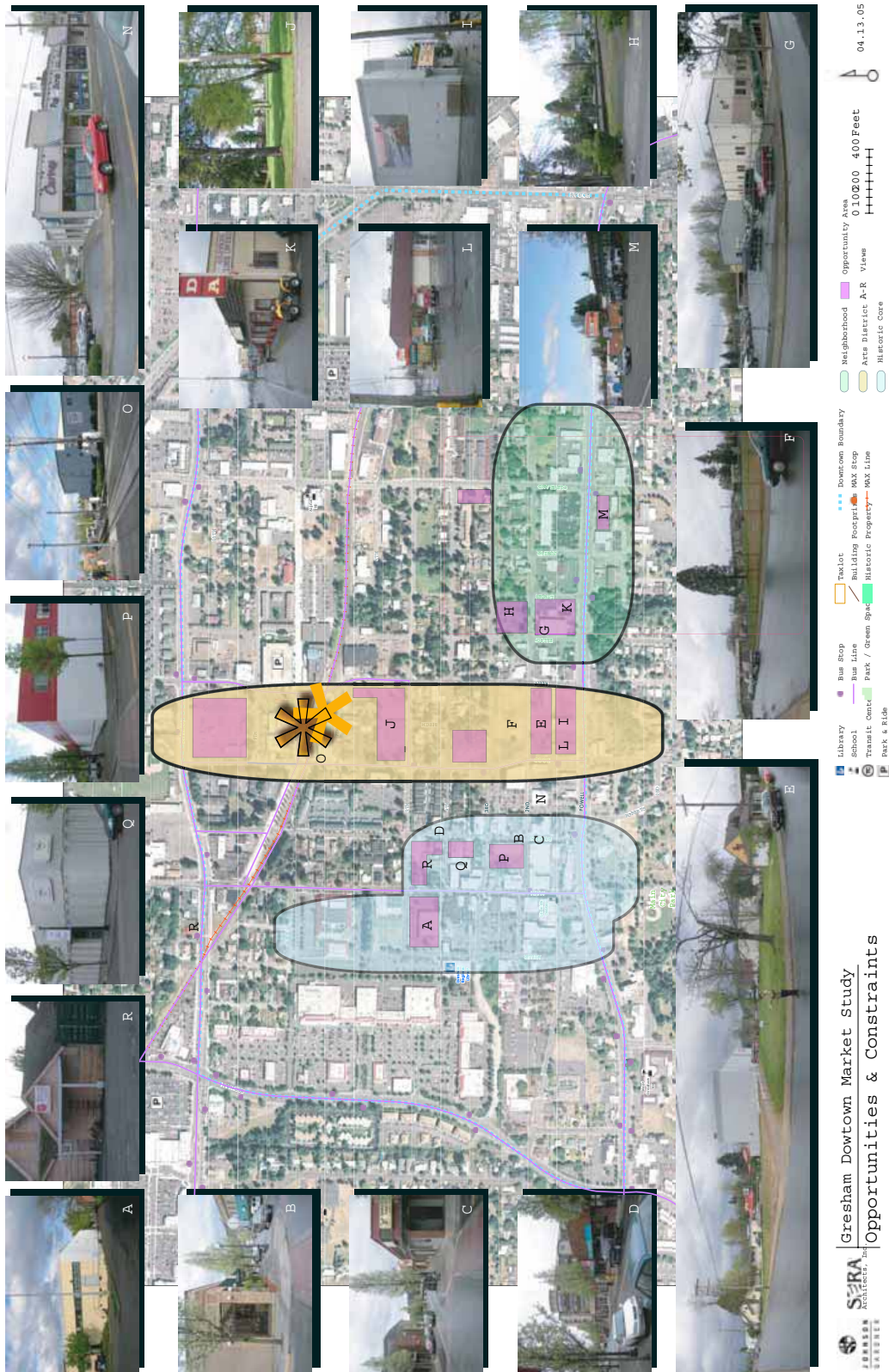
Arts District - The Arts District area, located between Hood and Kelly, consists of large redevelopment sites, especially to the north and south of the light rail station. These sites are more attractive to developers of “higher end” (lifestyle) grocery stores, especially when they are viewed in the context of the Performing Arts Center and the vision of Hood and Kelly becoming pedestrian-oriented streets (with wider sidewalks, special brick pavers, and ornamental lighting). The idea is that people walking to the Arts Center from shops along Main Street or the light rail station also would be interested in a destination grocery store that offers the opportunity to shop, eat high-quality meals, take cooking classes, and purchase organic fruits and vegetables. Similar to the Downtown Core Area the success of a site with this zone will be dependent upon finding the balance between foot traffic and parking.

Urban-Residential - The Urban-Residential Neighborhood is the smallest of the three sub-areas. Bounded by Third Street, Powell Boulevard, Elliot, and Cleveland, this sub-area strives to attract regional customers traveling along Powell Boulevard as well as residents from the surrounding single-family neighborhoods. The success of this sub-area is dependent upon vehicle traffic and parking – both of which tend to conflict with the nature of the surrounding single-family homes. Besides the traffic impacts, this sub-area is also hindered by the lack of sites large enough to accommodate the proposed use. Development in this sub-area would most likely require design guidelines to ensure that the proposed building fits into the neighborhood.

The following map outlines an analysis of district conditions, as well as the location of these three subareas and potential redevelopment sites. Three prototypical layouts are also included, which assess potential development formats consistent with site characteristics and zoning requirements in each of the subareas. The layouts included commentary with respect to the assumed site characteristics and entitlements, and are designed to meet the facility and locational requirements of a grocer.

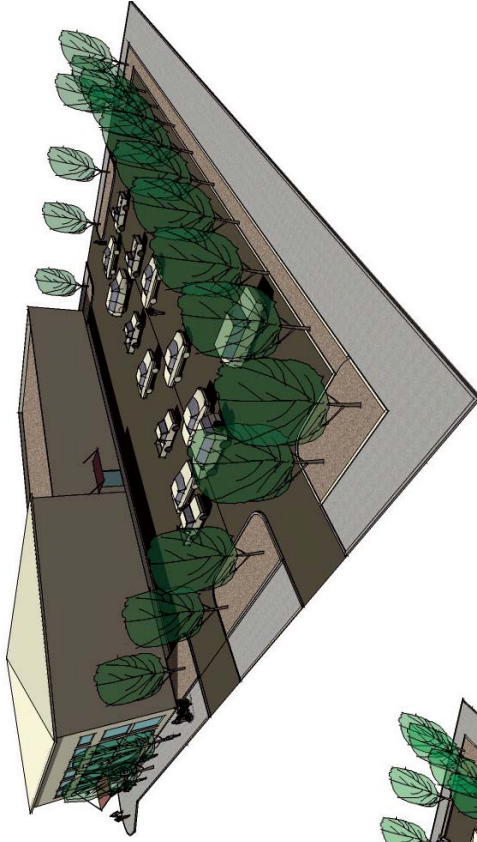


MAP OF SUBAREAS AND POTENTIAL REDEVELOPMENT SITES



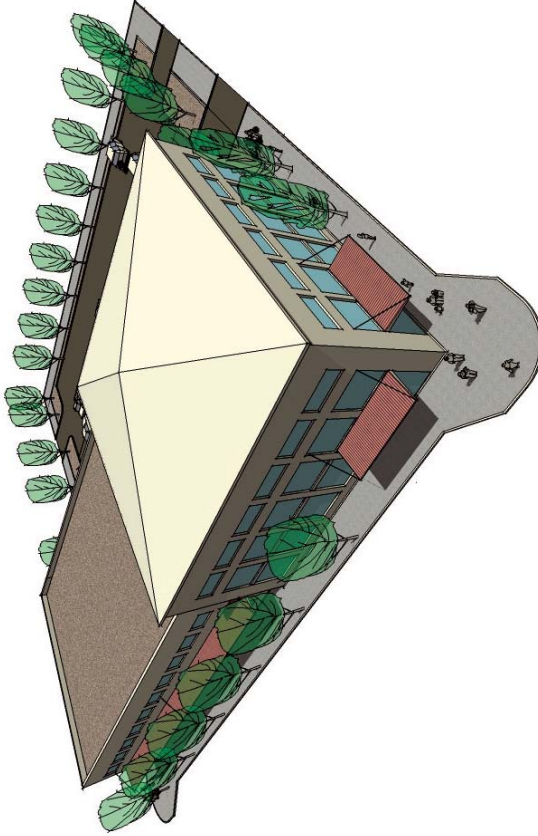


DOWNTOWN CORE AREA LAYOUT



Zoning: CUC (Central Urban Core) is found in the existing core area. Primary uses permitted in the CUC zone are retail commercial, service and office uses. Mixed use developments, dwellings located above or behind commercial uses, single family attached dwellings and various institutional uses (e.g. library, public meeting halls, churches, government facilities) are also permitted. The scale and character of new development is intended to be similar to existing, traditional Main Street environment. These include two-story to four story buildings placed close to the sidewalk, with parking lots behind or close to the side of buildings.

Site design: The proposed grocery store is urban in nature. The building sits on the property line and includes large amounts of transparent glazing that helps foster a pedestrian oriented environment. The primary corner of the half block is activated by a two story volume and two doorways that open up to the side streets. To accommodate for the 16,000 square foot floor plate there are only 69 parking spaces as opposed to the 72 parking spaces, calculated at a rate of 4.5 spaces per 1000 square feet of building area.



- Existing lot size-Approximately 40,000 Sq. Ft.
- Proposed building size (floor plate)-16,000 Sq. Ft. (grocery store).
- Available parking area-24,000 Sq. Ft.
- Required number of parking spaces per zone: 4.5 spaces per 1000 Sq. Ft. (3.7 Spaces per 1000 Sq. Ft. x 1.25%)=72 total spaces
- Required parking area (72 parking spaces x 350 Sq. Ft. per Space)=25,200 Sq. Ft.
- Other zoning standards depicted in the diagram:
- FAR: minimum of .35 to 1
- Building height: minimum of 2 stories
- Maximum building height: 45 feet
- Minimum of 50% of the ground floor must be dedicated to the second floor.
- Building setbacks: 0-feet front, side and rear
- Ground
- Building entrances are oriented towards the street.
- 10% parking lot landscaping
- Pedestrian path /walkway through the parking lot

Urban Neighborhood Grocery Store (Approx. 15,000 Sq.Ft.)

Gresham Downtown Market

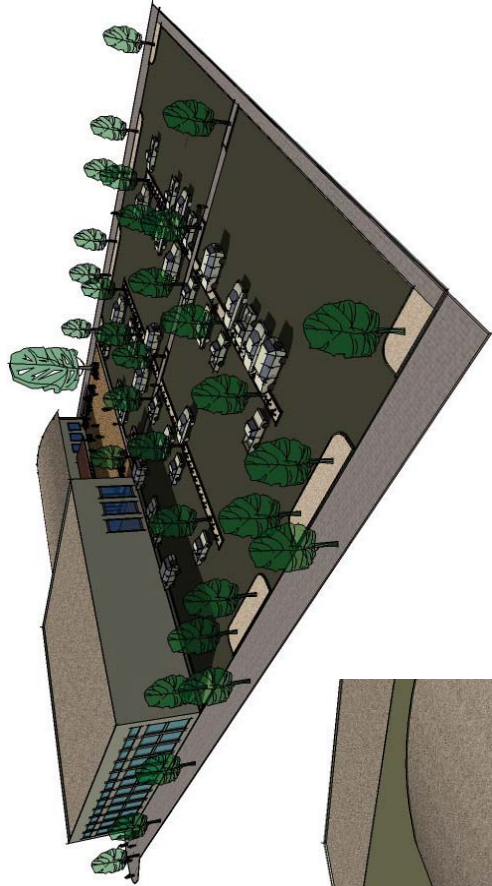
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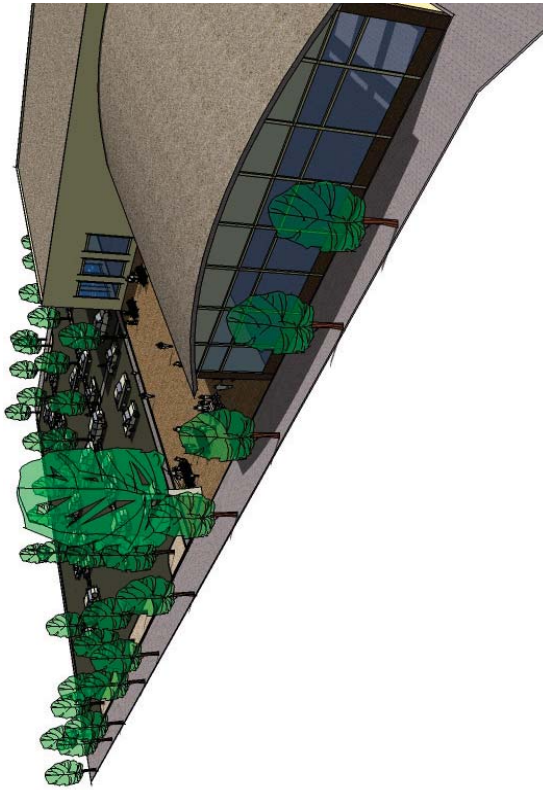
URBAN RESIDENTIAL SUBAREA LAYOUT

Zoning: DC-2 (Downtown Moderate Commercial) applies to portion of the perimeter of the downtown area where moderate and smaller scale business, with an orientation to abutting arterial streets, are the dominant uses. This sub-district also permits mixed-use developments and attached dwellings at densities up to 30 units per acre. To maintain and enhance the existing character of this area, there are limits on the size of new buildings and the extent of outdoor commercial uses. New businesses, in this sub-district are encouraged to orient themselves not only to abutting arterials, but also to adjacent neighborhoods within the Downtown Plan District.

Site design: The proposed site layout depicts the required amount of parking, landscaping and pedestrian amenities associated with the 25,000 Sq. Ft. grocery store. Although two-stories are not required, the proposed diagram depicts a two-story volume along the arterial and 1-story volume to the neighborhood street. The neighborhood side of the building is further differentiated from the more urban arterial edge by a softer roof form and a large public plaza.



- Existing lot size-Approximately 65,000 Sq. Ft.
- Proposed building size (cor plate)-25,000 Sq. Ft. (grocery store)
- Available parking area-40,000 Sq. Ft.
- Required number of parking spaces per zone: 4.5 spaces per 1000 Sq. Ft. (3.7 Spaces per 1000 Sq. Ft. x 125%)-112 total spaces
- Required parking area (112 parking spaces x 350 Sq. Ft. per space)-39,200 Sq. Ft.
- Other zoning standards depicted in the diagram:
- FAR: N/A
- Minimum building height: N/A
- Maximum building height: 40 feet
- Minimum building setbacks: 20-foot front, 0-foot side and rear
- Ground
- Building entrances are oriented towards the street.
- 10% parking lot landscaping
- Pedestrian path /walkway through the parking lot



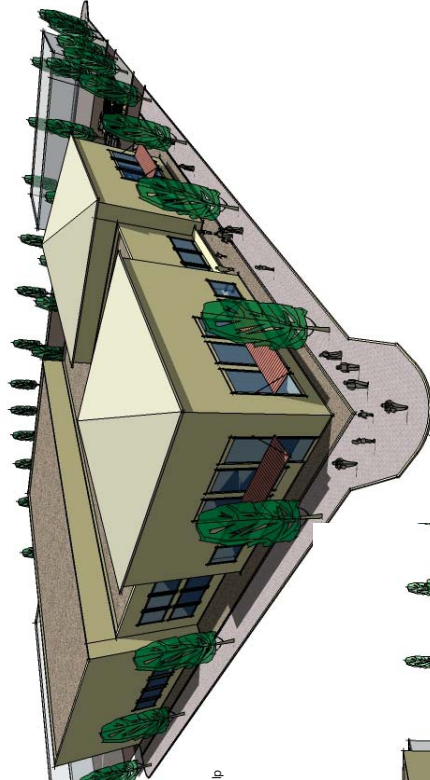
Moderate Commercial Grocery Store (Approx. 25,000 Square Feet)

Gresham Downtown Market

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ARTS DISTRICT AREA LAYOUT



Zoning: DT (Downtown Transit) zone affects land around existing and future light rail stations in the downtown area. Primary uses include office buildings, retail and service uses. Also permitted are mixed use developments and housing at a minimum of 24 units per acre with no maximum density. Larger buildings are encouraged in these areas, with parking under, behind, or to the sides of buildings.

Site design: The proposed grocery store is located at the corner of a major arterial and a city community street. Unfortunately, the large size of the lot, the lack of building coverage and the surrounding auto-oriented land uses does not foster walking or a sense of community. To improve this condition and to take advantage of being within a 5-minute walking distance from the transit station, the building is designed with two front doors-a front door along the arterial and a front door to the parking lot, in the rear. These two entryways are further defined by two pyramid roof forms which help to define the corners of the building. The development of street facing elevations are highlighted by storefront windows, and the addition of two building pads that help to foster a more pleasant pedestrian experience. However, the primary attractor to people coming to the site from the transit center to the site is the parking lot plaza and garden which is designed to accommodate outdoor seating, music, barbecues and other community gatherings.



- Existing lot size- Approximately 120, 000 Sq. Ft.
- Proposed building size (floor plate)-grocery store 30,000 Sq. Ft., building pad 10,000 Sq. Ft., and building pad 6,600 Sq. Ft.
- Available parking area-73,400 Sq. Ft.
- Required number of parking spaces per zone- 4.5 spaces per 1000 Sq. Ft. (3.7 Spaces per 1000 Sq. Ft. x 125%)-135 total spaces (grocery store only).
- Required parking area (135 parking spaces x 350 Sq. Ft. per Space)-47,250 Sq. Ft.
- Other zoning standards depicted in the diagram:
- FAR: minimum of .6 to 1
- Building height: minimum of 2 stories
- Maximum building height: 80 feet
- Minimum of 50% of the ground floor must be dedicated to the second floor
- Building setbacks: 0-feet front, side and rear
- Ground floor windows
- Building entrances are oriented towards the street.
- 10% parking lot landscaping
- Pedestrian path /walkway through the parking lot

SEERA | Transit Oriented Grocery Store (Approx. 30,000 Sq.Ft.)

Gresham Downtown Market

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