ECOnorthwest

December 2024

Wilsonville Industrial Land Readiness Phase 1: Basalt Creek Recommendations Report

City of Wilsonville

Prepared for: City of Wilsonville

ECOnorthwest
222 SW Columbia Street • Suite 1600 • Portland, OR 97201 • 503-222-6060

Acknowledgments

ECOnorthwest prepared this report with support from the guidance and input of several partners, including members, staff, and leadership of the ***City of Wilsonville***. Most notably we are appreciative of the involvement and input of ***Cindy Luxhoj, Daniel Pauly, Miranda Bateschell, and Matt Lorenzen***. This work was financially supported by grants from ***Business Oregon and Metro.***

That assistance notwithstanding, ECOnorthwest is responsible for the content of this report. The staff at ECOnorthwest prepared this report based on their general knowledge of the economics of regional economies. ECOnorthwest staff contributing to this study included ***Bob Parker, Nicole Underwood, Barrett Lewis, and Michelle Anderson.*** ECOnorthwest also relied on information derived from government agencies, private statistical services, the reports of others, interviews of individuals, or other sources believed to be reliable. ECOnorthwest has not independently verified the accuracy of all such information and makes no representation regarding its accuracy or completeness. Any statements nonfactual in nature constitute the authors' current opinions, which may change as more information becomes available.

For more information about this report please contact:

Bob Parker
parker@econw.com
ECOnorthwest
503-222-6060

Table of Contents

Purpose and Background

The Cities of Tualatin and Wilsonville adopted the Basalt Creek Concept Plan (BCCP) in 2018 after a lengthy joint planning process. Now, in 2024-25, the City of Wilsonville is working to advance the Basalt Creek Planning Area (BCPA) beyond the concept plan to a development-ready status by designating zoning and refining infrastructure plans. However, since adoption of the BCCP, economic conditions at national, state, regional, and local levels have shifted significantly and must now be considered.

To address these evolving conditions, the City hired ECOnorthwest to conduct a market assessment and industrial lands study focused on Wilsonville's portion of the BCPA. This study is comprised of several interconnected tasks:

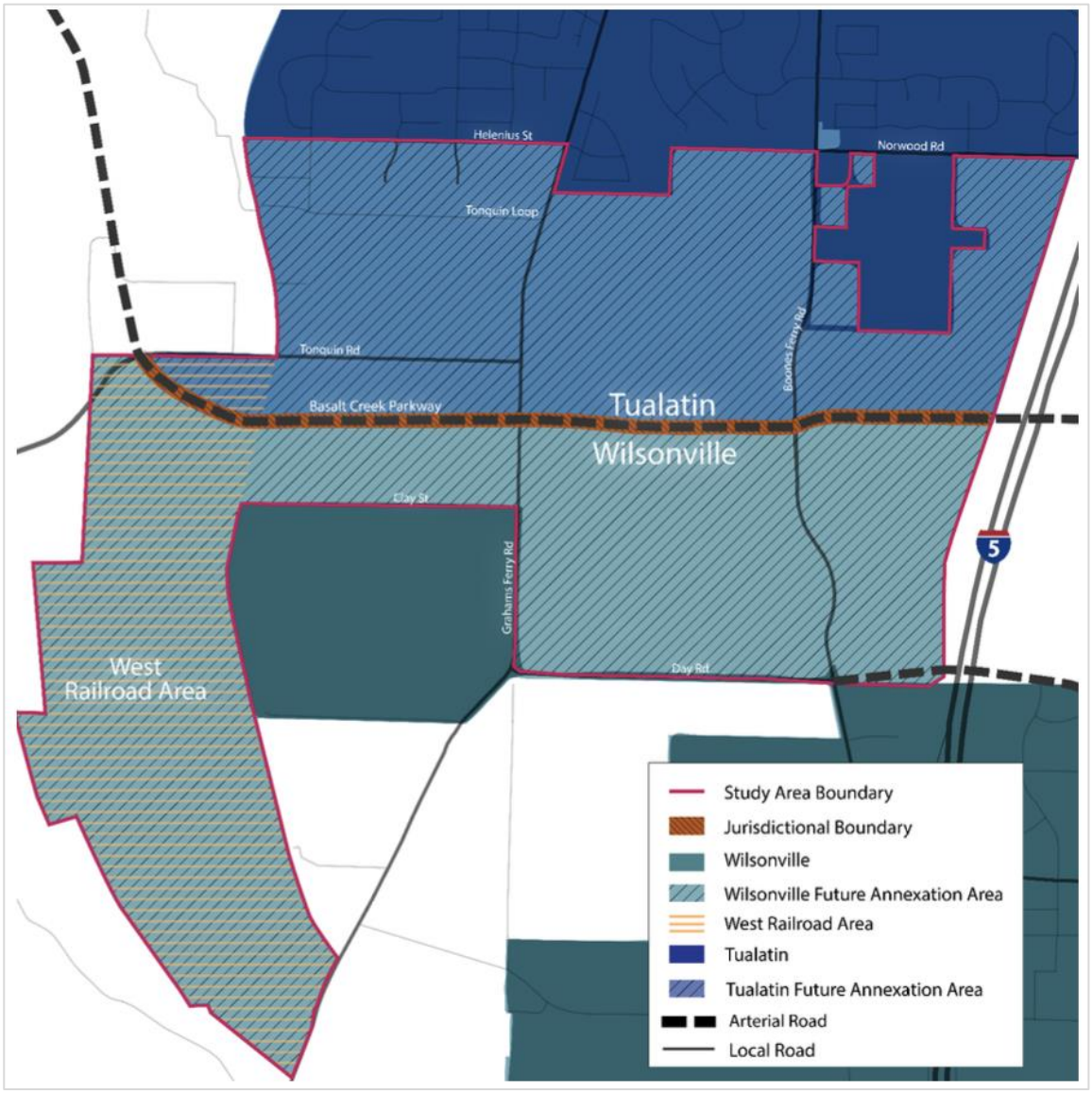
- An **Economic Inventory** that evaluates current market trends and identifies industries suitable for the area (Appendix A).
- A **Buildable Lands Inventory (BLI)** that reflects recent land developments, adjusted constraints, and revised capacity estimates (Appendix B).
- A **Site Suitability Analysis** that evaluates three key opportunity sites for their potential to support target industries based on attributes like size, location, and constraints (Appendix B).
- An **Analysis of Future Development of Contractor Establishments in the BCPA** given prevailing lease rates and market conditions (Appendix C).

This report summarizes the key findings from each task and outlines recommended policy interventions and strategic actions for the City. By addressing challenges and leveraging opportunities, these efforts aim to establish Basalt Creek as a vital hub for regional job growth and long-term economic vitality.

Basalt Creek Planning Area Overview

The Basalt Creek Planning Area (BCPA) is an 847-acre area located between southern Tualatin and northern Wilsonville. This report focuses on the Wilsonville section, which includes 453 acres in the main portion of the BCPA south of the Basalt Creek Parkway and land west of the railroad known as West Railroad (as depicted in Figure 1*). For the remainder of this report, references to the BCPA specifically refer to the Wilsonville portion.* The BCPA is centrally located in the southern portion of the Portland Metro, adjacent to Interstate-5, and easily accessible and connected to other growing industrial areas (including Sherwood and Tualatin). It has access to the Portland Metro and Mid-Valley labor sheds, making it well positioned to attract various types of industry.

Figure 1: Basalt Creek Planning Area



Source: Basalt Creek Concept Plan, 2018. Note: Wilsonville's portion of the Basalt Creek Planning Area (BCPA) is inclusive of the Wilsonville Future Annexation Area and West Railroad Area.

What is Wilsonville's portion of Basalt Creek Like today?

The Wilsonville portion of the BCPA is currently zoned under Washington County's FD-20 designation (Future Development, 20-acre minimum lot size), which permits low-intensity uses. Since the adoption of the BCCP, Washington County has continued to approve developments consistent with its zoning, resulting in much of the land now being used for contractor establishments. These establishments—used for storing tools, equipment, and vehicles—provide jobs and economic activity. But they fall short of the employment densities and development envisioned in the Concept Plan, and which are typical of land within the Metro urban growth boundary (UGB) and incorporated City limits.

Contractor establishment (above) and railroad crossing near West Railroad.

KEY STATISTICS

The Wilsonville portion of the BCPA spans 453 acres and includes 85 tax lots, with only 10 tax lots hosting covered employment. Some areas in the BCPA have a high degree of parcelization, while others are less fragmented. There are a handful of large contiguous landholdings by single ownership.

From 2012 to 2022, covered employment grew from 194 to 275 employees in the BCPA, with an average wage of $85,863—higher than the tri-county average ($73,995) and City average ($74,252)—indicating well-paying jobs. However, employment density remains low at 4.4 employees per acre (on parcels with covered employment), far below the BCCP vision of 18.5 employees per acre. It is important to note that these figures only account for covered employees.[1]

Some of the land in the BCPA is actively used despite minimal reported employment. The area is primarily used for contractor establishments, including storage yards for various businesses, which typically require fewer employees. It is likely that additional workers are present but not included in the covered employment estimates, such as sole proprietors or other types of uncovered contractors.

[1] Covered employment refers to employees covered by unemployment insurance. It *excludes* sole proprietors, certain contractors ("1099 employees"), and some railroad workers.

Due to the prevalence of storage-focused contractor establishments, many lots have minimal building improvements. The improvement-to-land-value ratio is low and has changed little over the past decade.


453 acres


85 tax lots


275 covered employees


$86,000 average wage


4.4 employees per acre in areas with employment


Little change in improvement-to-land value since 2012


Areas of high and low parcelization

Key Components of This Study

Economic Inventory: Basalt Creek's Market Context

The Economic Inventory provides a detailed analysis of market trends and industry opportunities for the BCPA, emphasizing its potential as a regional hub for industrial development (see Appendix A for the full inventory). Since adoption of the BCCP in 2018, economic conditions have been shifting considerably. Nationally, the industrial sector continues to experience robust demand fueled by e-commerce growth, reshoring efforts, and federal investments like the CHIPS Act, which supports semiconductor manufacturing. In the Portland Metro area, industrial trends mirror national patterns, with low vacancy rates and rising rents. While demand for industrial space has slowed from the highs of 2021–2023, it is expected to remain strong in the near term.

Locally, Wilsonville's industrial sector plays a crucial role in the City's economy, with manufacturing, wholesale trade, and construction accounting for 43 percent of employment compared to 22 percent regionally. Despite this strength, industrial growth in neighboring Sherwood and Tualatin has outpaced Wilsonville, primarily due to their supply of large, development-ready parcels. In the Portland Metro area, industrial demand is primarily driven by businesses expanding or upgrading facilities rather than businesses locating from out of state. To remain competitive, Basalt Creek must be prepared to accommodate these businesses' evolving needs.

Originally, the BCCP envisioned a mix of industrial and office uses, with the High-Tech Employment District assuming 45 percent of development in the area would be office. However, the demand for office space has declined regionally and nationally, driven by the rise of remote and hybrid work. While office space will likely remain part of the BCPA, its footprint may be smaller than originally planned.

Wilsonville is well positioned to capture industrial growth, particularly in key sectors such as semiconductor supply chain, cleantech, advanced manufacturing, and logistics. Basalt Creek's proximity to major transportation networks, its skilled labor force, and its location near established industrial clusters enhance its attractiveness. However, several challenges must be addressed to realize this potential. Fragmented land ownership, existing contractor establishments, and rural infrastructure that does not meet urban standards remain key barriers to high-intensity industrial uses.[2] Addressing these obstacles will be vital to unlocking Basalt Creek's capacity to compete for its commensurate share of regional economic growth.

[2] The City is refining its infrastructure plans for the BCPA. While plans exist, the infrastructure has not yet been built and will require funding for improvements.

Buildable Lands Inventory: Measuring Land Capacity and Development Potential

The updated Buildable Lands Inventory (BLI) revises the 2014 inventory from the BCCP, providing an updated assessment of Wilsonville's portion of the BCPA for employment-related growth (see Appendix B). It identifies developable land and highlights areas with existing economic uses that offer redevelopment potential due to low improvement values and/or low employment density.

Of the 453 acres in Wilsonville's portion of the BCPA:[3]

- **173 acres** are currently in active use and considered developed.
- **129 acres** are constrained by physical or environmental factors.
- **150 acres** are considered buildable and available for development.

This buildable land supply is distributed across a range of parcel sizes, from small lots under 5 acres to larger parcels exceeding 25 acres, offering flexibility to meet diverse industrial and employment needs. Given the 150 acres of buildable land and the expectation of employment densities between 10 and 18.5 employees per gross acre, the BCPA is expected to accommodate between 1,500 and 2,780 jobs. The BCCP estimated employment capacity at about 2,500 jobs in Wilsonville's portion of Basalt Creek in 2018.

The updated BLI provides a clearer understanding of the land available to attract industries and support future employment growth. It emphasizes the BCPA's potential to support a variety of industrial and employment uses aligned with Wilsonville's economic development goals. However, it also reveals an increase in land used for contractor establishments since the previous BLI, highlighting the decreasing supply of land for urban industrial development. This trend is likely to continue if the area remains outside the city and unprepared for urban growth.

CHANGES FROM THE 2014 BLI

Buildable Acres

The BCCP identified 130 buildable acres whereas the updated BLI shows 150 buildable acres. This 20-acre increase is primarily due to a revised assessment of constraints in West Railroad. The 2014 BLI classified much of West Railroad as constrained, but updated constraints data show more development capacity. However, this gain was partially offset by land now occupied by contractor establishments, which has been reclassified as developed, reducing buildable acres elsewhere.

Employment Density

ECOnorthwest applied the BCCP's assumption of 18.5 jobs per gross acre to model a high-density employment growth scenario. However, shifting market conditions—such as reduced demand for office space and increased demand for industrial and flex space (which typically have lower employment densities)—led ECOnorthwest to also model medium- and low-employment density growth scenarios. This approach provides a range of potential employment densities that more accurately reflect evolving market conditions.

[3] Note that the acres do not total to 453 due to rounding.

Site Suitability: Aligning Market Potential

The Site Suitability Analysis assesses the competitiveness of three opportunity sites (Figure 2) within the BCPA to host key industries identified in the Economic Inventory (Appendix B includes the full site suitability analysis). This high-level evaluation focused on physical site characteristics—such as size, location, and constraints—without factoring in the likelihood of redevelopment. It provides a broad understanding of site benefits, barriers, and potential industry suitability, serving as a foundation for planning and zoning rather than a definitive assessment of development feasibility, building configurations or sizes.

Figure 2. Opportunity Sites

Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro

Infrastructure will be pivotal in shaping the types of industries and scale of development suitable for the area. This analysis incorporated available information on infrastructure elements such as water, wastewater, and roads, and planned urban improvements with development; however, detailed system capacities, final road alignments, and the timing of improvements—particularly in areas like West Railroad—remain uncertain. These factors will play a significant role in determining the market competitiveness and potential development timeline for a site.

Water and wastewater systems are expected to meet most demands, though high-water users may require additional capacity. Similarly, industries with high electricity demands, such as those requiring five megawatts or more, may necessitate infrastructure upgrades. Road alignments will impact parcel configurations, building sizes, and overall development potential. While these elements are critical to understanding site suitability, they are not yet classified as definitive constraints or advantages.

- **The SW Greenhill** site spans 57 acres, with 91 percent (52 acres) of the land unconstrained. Minimal slopes (affecting 11 percent of the site), a high proportion of undeveloped land, consolidated land ownership (two owners), and proximity to existing infrastructure make it one of the most development-ready locations in Basalt Creek. The site could be physically suitable for high-tech supply chain, cleantech industries, advanced manufacturing, food processing, warehousing and distribution, and industrial business parks or R&D campuses. Its proximity to transportation networks and regional workforce access further enhances its competitiveness.
- **The Craft Industrial** area is split into eastern and western portions by site constraints and consists of seven tax lots with fragmented ownership, most under five acres. Only 14 acres are unconstrained, and its proximity to residential areas limits its suitability for high-intensity industrial uses. Instead, the area aligns with the BCCP's vision for small scale or micro-industrial uses, such as live-work spaces or makerspaces.

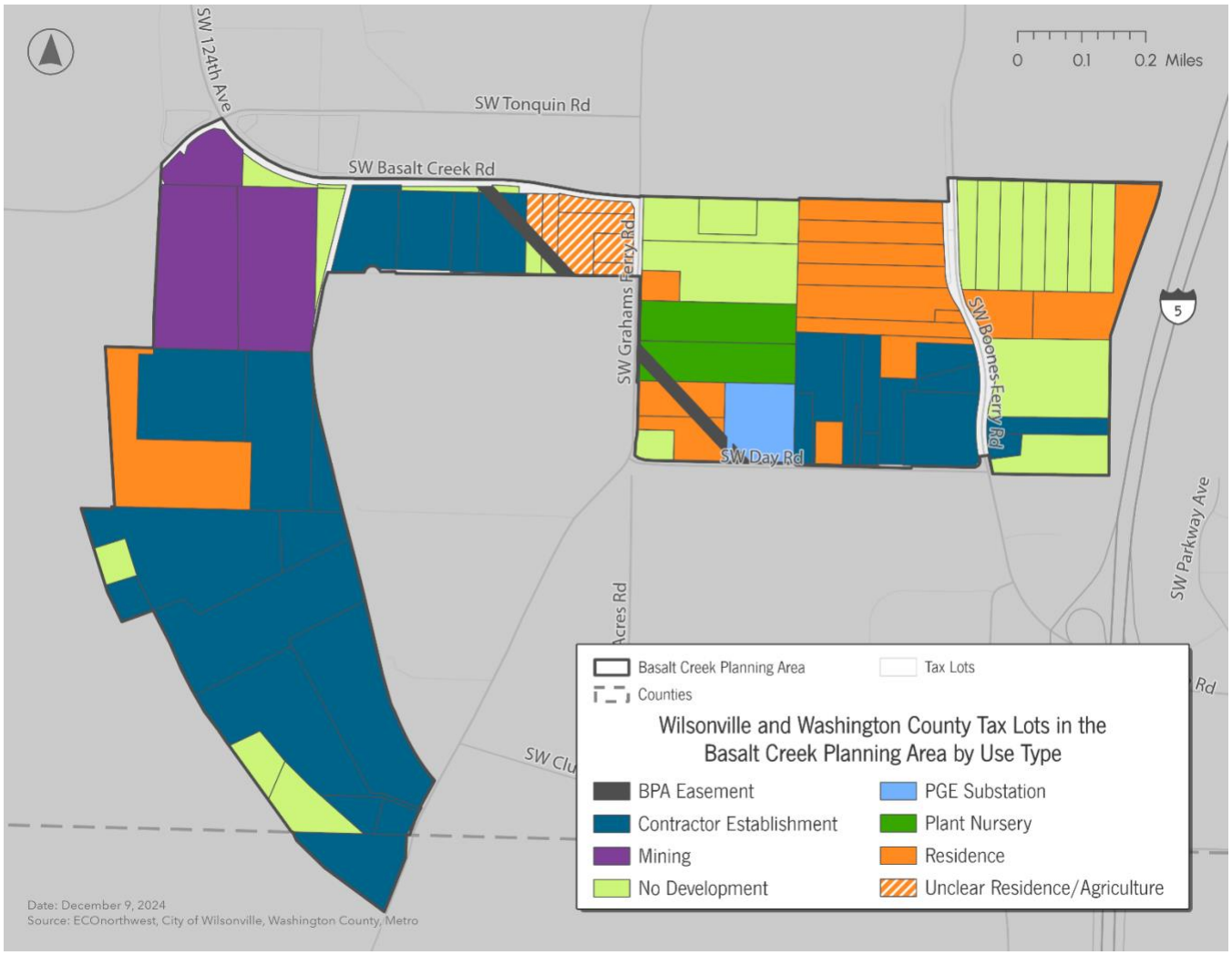
  With site aggregation, the southeastern portion could accommodate small-scale industrial or office users on up to five acres. These uses could resemble industrial condo developments like the Commerce Circle Business Park or Riverwood Business Center in Wilsonville, which integrate office and small-scale production spaces. The northeastern portion, while it could also redevelop, is likely less appealing due to its irregular shape and nearby high-value residences. The presence of existing residences, including some high-value homes, are likely to delay redevelopment timelines compared to other opportunity sites.
- **The West Railroad** site spans 165 acres, with 55 percent (90 acres) of the land unconstrained. Its large parcels and access to regional transportation networks could make it physically suitable for uses such as general manufacturing, food processing, and warehousing or distribution. Proximity to Coffee Creek's industrial area further enhances its appeal to businesses providing support services to neighboring industries. However, significant infrastructure upgrades are required, and access is limited by only one established point of vehicular ingress and egress, as well as the low railroad undercrossing on SW Grahams Ferry Road, which does not currently allow passage by standard-height semi-trucks. Additionally, the site's proximity to a rail line and a mining operation could make the site less attractive to advanced manufacturing or other industries sensitive to vibration. Ongoing infrastructure alignment and capacity studies will provide further clarity on the site’s suitability for targeted industries.

Contractor Establishments: Redevelopment Opportunities and Challenges

Contractor establishments have a substantial presence in Basalt Creek, particularly in West Railroad and along SW Day Road (Appendix C includes the full analysis of contractor establishments). These properties—often comprising small offices, storage buildings, and laydown yards—contribute limited employment and yield lower property values compared to urbanized industrial land. Figure 3 identifies the current land use categories and highlights areas occupied by contractor establishments.

While the Site Suitability Analysis assessed opportunity sites based on physical characteristics and their potential to support target industries should landowners opt to develop or redevelop, this analysis evaluates the redevelopment potential of contractor establishments under current market conditions.

Figure 3. Land Use Categories with Constraints, BCPA, 2024



Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro

Key Findings

Existing contractor establishments generate substantial income for property owners, reducing their motivation to sell or redevelop. For redevelopment to be financially viable, urban industrial rents would need to increase by 60 percent or more to justify the investment. Developers assess property value based on what remains after accounting for construction, entitlement, and operational costs, as well as conservative revenue assumptions. In Basalt Creek this is likely to result in developers offering less than what existing owners value their property for, especially when they are already hosting or running successful contractor establishments.

Relocation options for businesses currently occupying these sites are limited, creating additional challenges. Owner-occupied properties are even less likely to redevelop, as owners face relocation costs and potential increases in operational expenses. With limited regional industrial land, relocation could push these businesses farther from their markets, increasing costs for labor, transportation, and operations. Without considerable increases in urban industrial rents or land values, redevelopment for these properties remains unlikely.

Contractor establishments are unlikely to transition to higher intensity uses without City intervention. The gap between property values expected by owners and what developers can pay is unlikely to close naturally, as rising rents for industrial uses will likely coincide with increased contractor establishment rents. If the City seeks to promote urban industrial development in these areas, a more proactive approach will be necessary, including targeted incentives and policies to encourage redevelopment.

Conclusion and Recommendations

The BCPA offers a unique opportunity for Wilsonville to support regional economic growth and industrial development. Its strategic location near transportation networks, access to a skilled labor force, and proximity to established industrial clusters position the area as a strong candidate for attracting businesses supporting semiconductor supply chain, cleantech, advanced manufacturing, and logistics. However, realizing this potential will require addressing critical challenges and capitalizing on existing opportunities.

Fragmented land ownership and contractor establishments, which continue to be approved under Washington County's jurisdiction, remain barriers to the higher-intensity urban industrial uses envisioned in the BCCP. These establishments generate substantial revenue for property owners, reducing the incentive to sell or redevelop. For redevelopment to occur, urban industrial rents would need to rise substantially to bridge the gap between property owners' expectations and what developers are willing to pay. However, this gap is unlikely to close in the near term because as urban industrial rents rise, contractor establishment rents are also likely to increase. Additionally, relocation options for contractor establishment businesses, especially for owner-occupied properties, are limited, creating further challenges.

Rural infrastructure that does not meet urban standards also remains a key barrier to industrial development. This issue affects the feasibility of both immediate development and long-term growth, particularly in West Railroad where access is limited and the railroad undercrossing on SW Grahams Ferry Road precludes truck passage. Addressing these constraints is essential to unlocking the area's potential for higher-density employment uses.

Despite these challenges, there are clear opportunities. Development-ready sites and engaged property owners provide a strong starting point. Stakeholders have expressed a willingness to invest in infrastructure improvements if given access to large unconstrained sites, creating potential for catalytic projects that could spur additional development.

Wilsonville must balance its development goals with market realities. The Portland Metro area's industrial demand is driven by businesses expanding or upgrading facilities. Imposing restrictive requirements, such as mandating a high share of manufacturing, could deter development and drive users to more accommodating locations. Additionally, declining demand for office space nationally and regionally, driven by remote and hybrid work trends, suggests a reduced role for office uses compared to the original BCCP. While there are some exceptions to weak demand for suburban office space, our assessment is that the Portland Metro market dynamics are more consistent with national trends.

In conclusion, Basalt Creek presents a strong opportunity for Wilsonville to foster economic growth and industrial expansion. However, achieving this vision requires overcoming substantial challenges related to land use, infrastructure, and market dynamics. These findings provide the foundation for identifying actionable steps to unlock the area's full potential and align development with the City's long-term goals.

Recommendations

The recommendations for the BCPA are structured into four categories: **Further Exploration, Planning, Funding, and Investment.** These strategies address zoning, infrastructure, and development challenges while providing a phased approach for implementation. Central to these recommendations is the recognition that the status quo is unlikely to change without the City taking a more direct approach to encouraging development. Challenges such as fragmented ownership, the presence (and continued growth) of contractor establishments, and substantial needed infrastructure upgrades to serve urban developments are unlikely to resolve without City intervention.

Wilsonville can approach Basalt Creek's development with varying levels of involvement. A conservative approach would prioritize zoning and regulation, planning control, and limited infrastructure investments to guide development. A more proactive approach would accelerate the BCPA's vision by supporting relocation of contractor establishments, acquiring and aggregating land, and investing in additional infrastructure needs in areas like West Railroad. Which strategy the City chooses will ultimately depend on balancing risks with the desire to unlock the area's potential.

FURTHER EXPLORATION

This category focuses on gathering data, engaging stakeholders, and building a foundation of knowledge to support strategic decisions.

- **Outreach to Property Owners**: Engage with property owners to understand their development plans, challenges, and willingness to participate in redevelopment efforts. Explore opportunities for land assembly and redevelopment partnerships.
    - *Craft Industrial Opportunity:* Engage with landowners in the Craft Industrial area to explore dividing the site into east and west portions (by partitioning lots), focusing on creating developable parcels that align with the area's potential and constraints.
- **Coordinate with Portland General Electric (PGE) on Power Needs**: Collaborate with PGE to evaluate existing and future power requirements for industries such as advanced manufacturing and semiconductor supply chains, as identified in the Economic Inventory.
- **Explore Partnerships**: Identify opportunities to work with public entities (e.g., Port of Portland, Business Oregon, Greater Portland Inc.) and private partners to align resources and attract desired industries.
- **Support Contractor Establishment Relocation or Compliance:** Develop strategies to help contractor establishments relocate or consolidate or conform with City standards. This could involve creating incentives for relocation or, if necessary, working with them to bring existing operations into compliance with City service and land use standards.

PLANNING

Strategic planning ensures the alignment of zoning, policies, and infrastructure with long-term economic goals.

- **Apply the Planned Development Industrial (PDI) Zone across Basalt Creek with Modifications.** This approach would support a wide range of industrial and office uses consistent with the BCCP and the Economic Inventory. It allows the market to determine the most appropriate locations for various business types while still prioritizing industries aligned with the City's employment and wage goals.
  - *Prohibit Low-Intensity Uses and Address Existing Contractor Establishments.* Establish zoning prohibitions or limitations on low-intensity uses, such as contractor establishments, that do not meet long-term employment density goals. For existing contractor establishments, determine the appropriate regulatory approach, such as designating them as conditional, nonconforming, or prohibited uses.
  - *Evaluate Additional Standards or Allowances for the Craft Industrial Area.* Given the site's constraints and proximity to residential development, the Craft Industrial Area has limited development potential. To maximize its utility, consider allowing additional uses—such as live-workspaces, small-scale offices, and small-scale production facilities—that may not fully align with the current PDI zone. This could involve creating a separate zoning designation or an overlay to expand the range of permitted uses within the PDI zone.
- **Update Urban Planning Area Agreement (UPAA)**: Amend agreement with Washington County to transfer planning authority for Basalt Creek to the City, ensuring alignment with Wilsonville's long-term vision. This would reduce the risk of continued low-intensity uses, alleviate staffing burdens at the County level, and reduce future pressures to expand the urban growth boundary (UGB).
  - *Example*: Troutdale has an Intergovernmental Agreement with Multnomah County that transfers planning authority to the City for areas within its UGB.
- **Preliminary Urban Renewal Area (URA) Analysis**: Evaluate the feasibility of establishing a URA or expanding the Coffee Creek URA to help fund infrastructure improvements and catalyze development. NOTE: The City already has funding for this task as part of the Wilsonville Industrial Land Readiness project.
- **Consider a Development Plan for West Railroad**: Develop a plan for West Railroad that balances industrial development with community priorities. While the BCCP deemed much of the site unbuildable and omitted detailed future use recommendations, the City has continued to address the area in broader land use and infrastructure planning. Building on these efforts, the plan should involve input from landowners, potential users, and ideally a master developer to ensure alignment with stakeholder needs and market trends. Importantly, creating this plan would not preclude zoning the area to guide immediate development efforts.

FUNDING

Identifying and securing funding sources will be critical to addressing infrastructure needs and supporting redevelopment.

- **Explore and Establish Funding Mechanisms such as:**
  - Use Urban Renewal to finance infrastructure improvements and reduce barriers for developers pending the results of the URA feasibility study.
  - Explore the potential for Local Improvement Districts (LIDs) and/or public-private partnerships to share costs and responsibilities. NOTE: Cost sharing mechanisms of owners of contractor establishments may be less attractive if they do not need the infrastructure improvements or connections to continue business operations.
- **Explore and Leverage State and Federal Funding:** Leverage grants, loans, and other funding programs to support infrastructure upgrades and attract investment. These could include, but are not limited to:[4]
  - Statewide Transportation Improvement Program (STIP)
  - Immediate Opportunity Fund (IOF)
  - Oregon Transportation Infrastructure Bank (OTIB).
  - Safe Drinking Water Revolving Fund (SDWRLF).
  - Water Wastewater Fund (W/W).
  - Special Public Works Fund (SPWF).
  - U.S. Economic Development Association (EDA) Public Works Program

INVESTMENTS

Targeted investments will help unlock development opportunities and create momentum for future growth.

- **Develop Infrastructure**: Focus early infrastructure improvements on properties that are cost-effective to serve and likely to develop in alignment with the BCPA vision, such as the SW Greenhill Road site. These early investments can demonstrate feasibility and attract additional development.
  - The City could collaborate with property owners, Greater Portland Inc. (GPI), and Business Oregon to attract a catalytic user that could justify and accelerate infrastructure development for the site. Combining this strategy with site acquisition efforts and development planning for West Railroad would further enhance its effectiveness and overall development potential.
- **Provide Development Incentives such as**:

[4] As a first step, the City should draft a list of potential projects and evaluate eligibility for funding programs; ECOnorthwest did not evaluate eligibility for these funding programs.

  - Consider system development charge (SDC) adjustments or deferrals for targeted developments that support the city's vision for BCCP and where it would not place undue burdens on funds available for capital improvements.
  - Market the City's "WIN" (Wilsonville Investment Now) program in conjunction with Basalt Creek development opportunities. NOTE: This urban renewal program would no longer be available if an area-wide urban renewal area is established.
  - Provide relocation assistance to contractor establishments to enable redevelopment. This could include support identifying alternative sites and streamlining permitting processes if those sites are in Wilsonville.
- **Site Acquisition and Aggregation**: Partner with public or private entities to assemble large, contiguous parcels that can support high-value industrial users. Consider using Urban Renewal funds and public partner contributions to facilitate these efforts.
  - The City could explore securing **purchase options** on key parcels to facilitate land assembly. A purchase option allows the City the right to buy property within a specified timeframe, offering flexibility without the immediate cost of full acquisition. This proactive approach provides leverage and control over future development while allowing the City to decline the purchase if circumstances change or acquisition becomes unfeasible. To advance this strategy, the City should identify and prioritize purchase option agreements with property owners of high-opportunity sites, building momentum for collaboration and development.

Phasing

The implementation of the BCPA recommendations is structured into three phases: Immediate (0–3 years), Midterm (3–7 years), and Long-Term (7–15 years). Each phase focuses on actionable steps to address development challenges, align infrastructure, and catalyze economic growth while adapting to market trends.

IMMEDIATE ACTIONS (0–3 YEARS)

The initial phase establishes the foundational elements for Basalt Creek's development by addressing zoning, engaging stakeholders, and identifying funding strategies. Key priorities include:

- Establish zoning
- Amend UPAA with Washington County
- Engage property owners to discuss future plans, development potential, and incentives
- Explore ways to support contractor establishment relocation and/or accommodate and bring them to City standards (urban industrial development)

- Analyze funding needs and sources and develop funding strategy to support infrastructure investments and other priorities such as land acquisition and developer incentives
- Explore partnerships
- Coordinate with PGE on anticipated power needs
- Prioritize infrastructure to properties that are both high opportunity and "low-cost-to-serve," to showcase early wins

MIDTERM ACTIONS (3–7 YEARS)

This phase builds on early successes by advancing funding mechanisms, solidifying plans for key areas, and fostering development agreements. Major actions include:

- Adopt funding mechanisms to support infrastructure investments and other priorities (this is a likely prerequisite to land acquisition)
- Acquire key parcels (or purchase options) as opportunity and funding allows
- Develop West Railroad's development plan with input from landowners, potential users, and preferably a master developer
- Secure initial development agreements and fund major infrastructure upgrades through URA or other funding mechanism
- Continue to coordinate with PGE

LONG-TERM ACTIONS (7–15 YEARS)

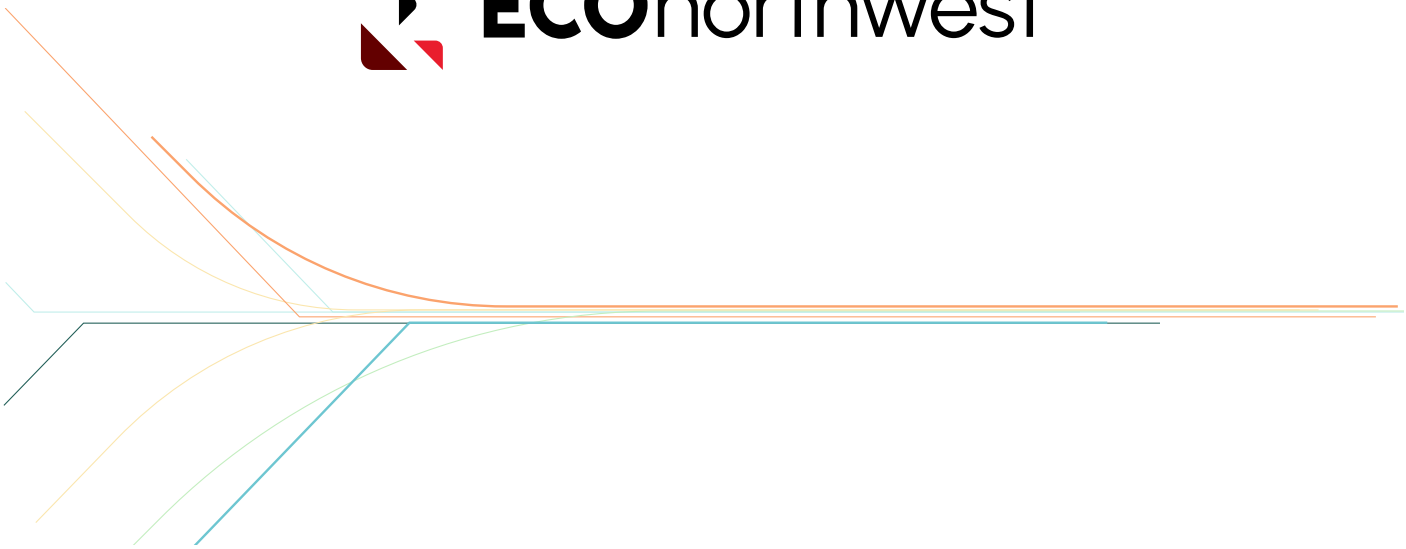
The final phase focuses on sustaining Basalt Creek's momentum by adapting to market trends and completing infrastructure build-out to support full site utilization. Long-term priorities include:

- Monitor market trends and adjust zoning or policies to accommodate emerging industries
- Complete phased infrastructure build-out to support full site utilization

This phased approach ensures that Basalt Creek's development progresses systematically, balancing immediate actions with long-term investments to achieve the City's vision for economic growth and industrial expansion.

Appendix A: Economic Inventory and Basalt Creek Concept Plan Land Use Analysis

ECOnorthwest



September 2024

Industrial Land Readiness:

Economic Inventory and Basalt Creek Concept Plan Land Use Analysis -

City of Wilsonville

Prepared for: City of Wilsonville

ECOnorthwest
222 SW Columbia Street • Suite 1600 • Portland, OR 97201 • 503-222-6060

Acknowledgments

ECOnorthwest prepared this report with support from the guidance and input of several partners, including members, staff, and leadership of the ***City of Wilsonville***. Most notably, we are appreciative of the involvement and input of ***Cindy Luxhoj, Daniel Pauly, Miranda Bateschell, and Matt Lorenzen***. This work was financially supported by grants from ***Business Oregon and Metro.***

That assistance notwithstanding, ECOnorthwest is responsible for the content of this report. The staff at ECOnorthwest prepared this report based on their general knowledge of the economics of recreation, amenities, and regional economies. ECOnorthwest staff contributing to this study included ***Bob Parker, Nicole Underwood, Barrett Lewis, and Mackenzie Visser.*** ECOnorthwest also relied on information derived from government agencies, private statistical services, the reports of others, interviews of individuals, or other sources believed to be reliable. ECOnorthwest has not independently verified the accuracy of all such information and makes no representation regarding its accuracy or completeness. Any statements nonfactual in nature constitute the authors' current opinions, which may change as more information becomes available.

For more information about this report, please contact:

Bob Parker
parker@econw.com
ECOnorthwest
503-222-6060

Table of Contents

1. Introduction

Purpose and Background

After a multiyear planning process, Wilsonville, in partnership with Tualatin, developed and adopted the Basalt Creek Concept Plan (BCCP) in 2018. The BCCP established a framework for development in the area over the next twenty years. Wilsonville is planning for the development of its portion of the Basalt Creek Planning Area (BCPA), located in unincorporated Washington County.

The City adopted the BCCP in anticipation of future industrial development. However, at the time of adoption, a number of implementation steps remained. In the years following the adoption of the BCCP, Washington County has approved development consistent with County zoning. The BCPA now hosts several contractor establishments that, while providing jobs and economic activity, are not the type of development or commerce envisioned in the Concept Plan.

The City is currently working on the final implementation steps to make the BCPA development ready. These steps include designating the zoning to be used in the area as well as refining infrastructure funding plans. Since adoption of the BCCP in 2018, significant economic shifts have occurred at national, state, regional, and local levels to be considered during the current implementation steps. Given these economic shifts, reassessing Basalt Creek's market conditions is crucial for Wilsonville's implementation process. This reassessment will help ensure that development plans align with current economic realities and future projections.

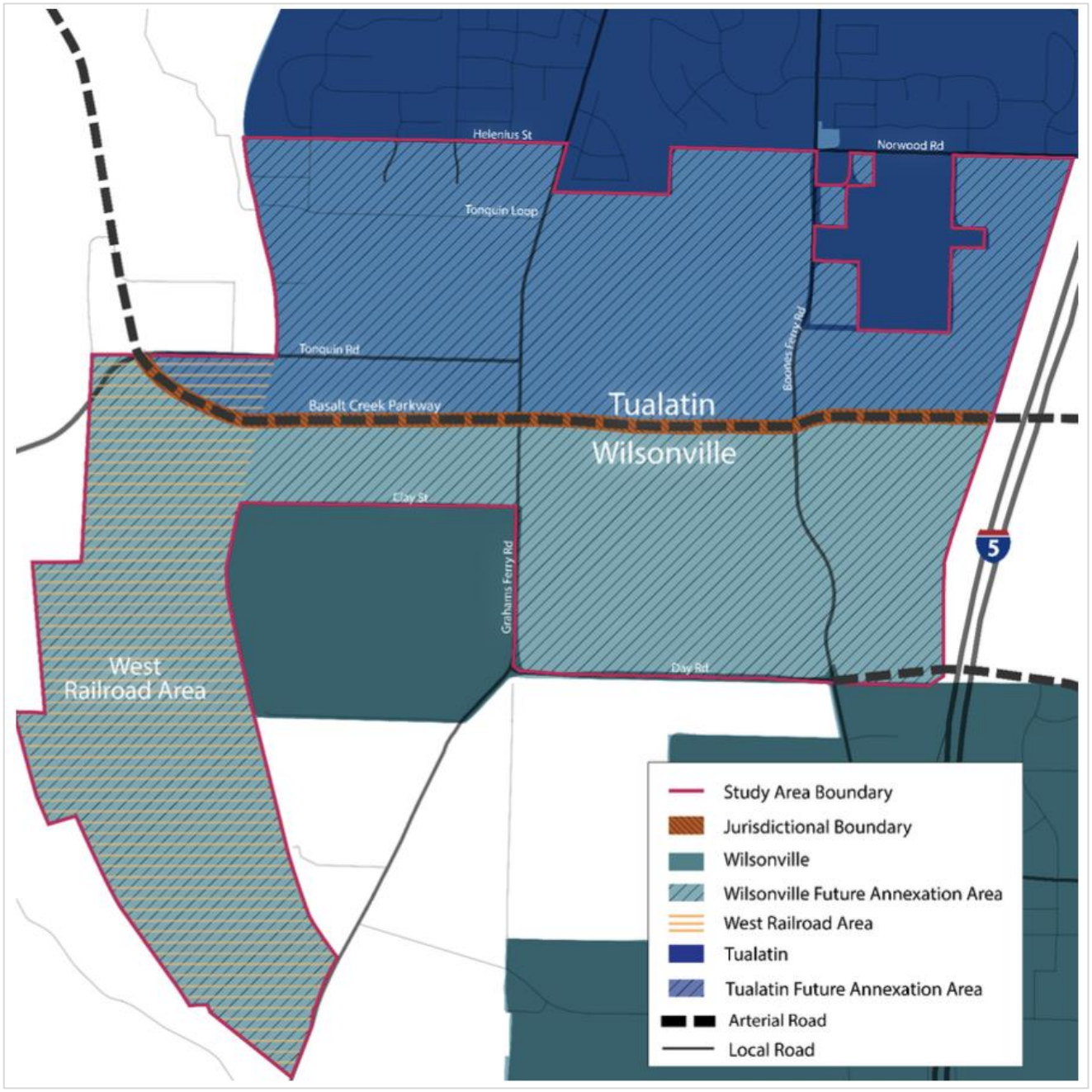
To understand the changing market conditions, Wilsonville engaged ECOnorthwest to conduct an updated market assessment and industrial lands study for Wilsonville’s portion of Basalt Creek. This Economic Inventory report is a key component of that study, providing an overview of the current economic conditions and trends affecting the BCPA. The findings from this analysis will inform recommendations on how to translate the BCCP’s land use concepts into zoning designations and inform infrastructure planning to support economic development opportunities in the area.

Basalt Creek Planning Area Overview

The Basalt Creek Planning Area (BCPA) is an 847-acre area located in unincorporated Washington County between the southern border of incorporated Tualatin and the northern border of incorporated Wilsonville. This report focuses on the Wilsonville section, which includes 480 acres within the designated Wilsonville Future Annexation Area and West Railroad Area (as depicted in Figure 1). The BCPA is centrally located in the southern portion of the Portland metro, easily accessible and connected to other growing industrial areas, including Sherwood and Tualatin. It has access to the Portland metro and Mid-Valley labor sheds, making it well positioned to attract various types of industry.

Currently, the Wilsonville portion of the BCPA falls under Washington County's Future Development 20-Acre District (FD-20) zoning, which allows a variety of low-intensity uses. The area has limited development, with much of the developed land used for contractor establishments, including storage of equipment and vehicles. A contractor establishment is a facility where contractors and/or subcontractors store and organize their tools, equipment, supplies, and materials. These facilities can include buildings, grounds, or structures, and often have outdoor storage and assembly areas. While important uses, these lands host limited employment and assessed property value, much less than the employment densities and development typologies envisioned in the BCCP and typical of land within the metro urban growth boundary (UGB) and incorporated City limits.

Figure 1: Basalt Creek Planning Area



Source: Basalt Creek Concept Plan, 2018. Note: Wilsonville's portion of the Basalt Creek Planning Area (BCPA) is inclusive of the Wilsonville Future Annexation Area and West Railroad Area.

How does the Basalt Creek Concept Plan guide development?

After a multiyear planning process, Wilsonville, in partnership with Tualatin, developed and adopted the Basalt Creek Concept Plan (BCCP) in 2018. The BCCP established a framework for development in the area over the next 20 years. The BCCP identifies preferred land uses across the area and strives to coordinate future land use, transportation, and infrastructure investments between Tualatin, Wilsonville, and Washington County. In particular, the BCCP:

- Established a vision for urbanization of the Basalt Creek Planning Area
- Established a new jurisdictional boundary between Tualatin and Wilsonville (to determine which parts of the Planning Area may be annexed into and served by each City)
- Identified conceptual land uses across the area
- Recommended high-level designs for transportation and infrastructure systems to support future development
- Set specific action items and implementation measures

GUIDING PRINCIPLES

Guiding Principles represent the collective interests and goals for the Basalt Creek Planning Area, as agreed to and established by the Joint Councils of Tualatin and Wilsonville.

- **Maintain and complement the Cities' unique identities.**
- **Capitalize on the area's unique assets and natural location.**
- **Explore creative approaches to integrate jobs and housing.**
- **Create a uniquely attractive business community unmatched in the metropolitan region.**
- **Ensure appropriate transitions between land uses.**
- **Meet region responsibility for jobs and housing.**
- **Design cohesive and efficient transportation and utility systems.**
- **Maximize assessed property value.**
- **Incorporate natural resource areas, and provide recreational opportunities as community amenities and assets.**

Land Use Designations

The BCCP identified a mix of land use designations for the area based on its land suitability analysis and adjacent land uses. For Wilsonville, the BCCP proposed four main land use designations. However, West Railroad did not include a specific concept because it was viewed as having lower development potential and was slated for future study and consideration. These designations, as defined in the BCCP, are:

HIGH-TECH EMPLOYMENT DISTRICT

Most of the buildable acres in the Planning Area south of the proposed Basalt Creek Parkway are devoted to a mix of higher-density employment land. The High-Tech Employment District is expected to accommodate the largest number of jobs (1,916) with a mix of warehousing, manufacturing, and office buildings. This land use is in the southern and eastern sections of the Planning Area, covering all Wilsonville land east of SW Boones Ferry Road and most of the land south of SW Clay Street, which extends to SW Day Road and is bordered to the west by Coffee Creek Correctional Facility.

The BCCP assumed the following breakdown of uses for the High-Tech Employment District, which helped estimate the amount of traffic the development would generate.

Table 1. BCCP Assumed Breakdown of Uses for the High-Tech Employment District

USE	SHARE
Retail	1%
Office	45%
Industrial	38%
Warehousing	15%
TOTAL	**100%**

Source: Basalt Creek Concept Plan, 2018. Note: Share may not equal 100% due to rounding.

CRAFT INDUSTRIAL

The southwest corner of the intersection of SW Boones Ferry Road and the new Basalt Creek Parkway is planned as Craft Industrial, which allows for a mix of smaller-scale commercial uses and may include live-work units. These envisioned development types respond to the topography on those parcels and their location directly south across the Parkway from residential land and southwest of the neighborhood commercial node across the Parkway in Tualatin. Craft Industrial is a better fit with those surrounding uses, providing a transition to the higher-intensity employment uses to the south. This area allows less than 20 percent residential use and is expected to accommodate 27 new jobs and 6 new housing units in the form of live-work units.

The BCCP assumed the following breakdown of uses for the Craft Industrial District, which helped estimate the amount of traffic the development would generate.

Table 2. BCCP Assumed Breakdown of Uses for the Craft Industrial District

USE	SHARE
Retail	24%
Office	31%
Industrial	44%
Warehousing	1%
TOTAL	100%

Source: Basalt Creek Concept Plan, 2018. Note: Share may not equal 100% due to rounding.

LIGHT INDUSTRIAL DISTRICT

This land is located across the southern edge of Basalt Creek Parkway and its future extension just north of Coffee Creek Correctional Facility, and it will be able to accommodate 581 new jobs, primarily in warehousing and light manufacturing.

The BCCP assumed the following breakdown of uses for the Light Industrial District, which helped estimate the amount of traffic the development would generate.

Table 3. BCCP Assumed Breakdown of Uses for the Light Industrial District

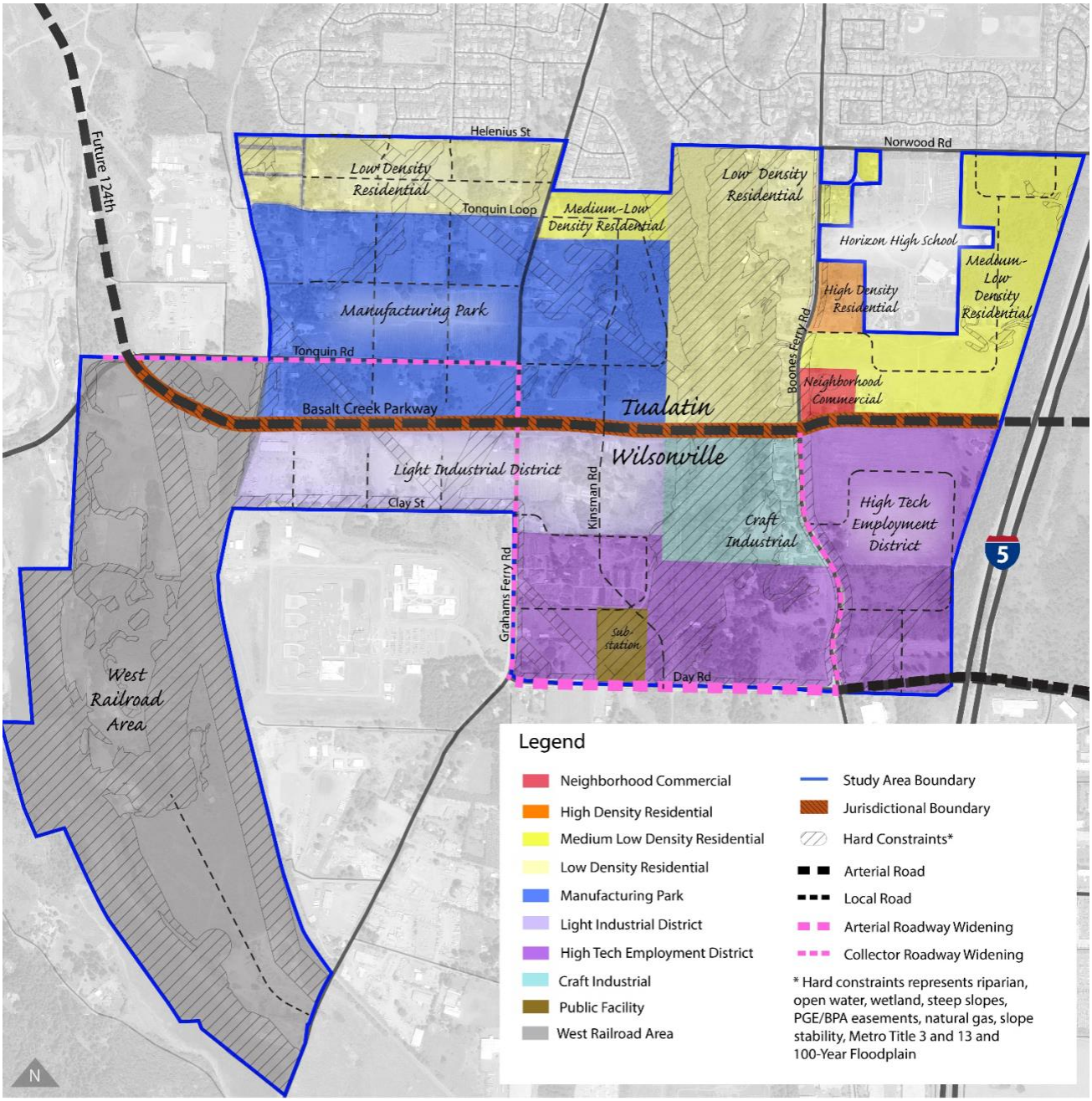
USE	SHARE
Retail	1%
Office	19%
Industrial	69%
Warehousing	11%
TOTAL	100%

Source: Basalt Creek Concept Plan, 2018. Note: Share may not equal 100% due to rounding.

WEST RAILROAD AREA

The West Railroad Area is divided from the rest of the Planning Area by the Portland and Western Railroad (PNWR) and the Coffee Creek Correctional Facility. When the BCCP was adopted, the area was heavily constrained by wetlands habitat, steep slopes, and fragmented property ownership. Initial estimates indicated that it would be costly to serve this area with adequate infrastructure due to its location. However, it was identified as having potential for resource conservation, future public access to nature, and possibly additional land uses. Because it was considered to have much lower development potential than the rest of the Planning Area, a future land use scenario was not created. Additional analysis on infrastructure funding and appropriate land uses was recommended once development and extension of infrastructure occurred in the rest of Basalt Creek.

Figure 2. Basalt Creek Land Use Concept Map



Source: Basalt Creek Concept Plan, 2018.
Note: West Railroad did not include a specific concept because it was viewed as having lower development potential and was slated for future study and consideration.

Implementation Measures

The BCCP also outlined the following implementation measures for the Cities:

1. **Update Urban Planning Area Agreements (UPAAs)** to acknowledge the future jurisdictional boundary and outline what areas may be annexed by each City, as well as transfer planning authority to the Cities.
2. **Amend Comprehensive Plans** to include the adoption of the Concept Plan.
3. **Assess zoning** and make sure it is compatible with anticipated land uses in the area and special design elements in the Concept Plan. The Concept Plan suggested Wilsonville consider applying the Coffee Creek Industrial Design Overlay District (form-based code) in the area.
4. **Annex as demand occurs** based on the pace of development and begin to make utility improvements adjacent to existing City services.
5. **Consider capital improvements** to spur development via financing the infrastructure themselves for reimbursement, creating a cooperative financing district, or developing the infrastructure to induce desired development.
6. **Consider master planning** in the area.

Wilsonville updated its UPAA in 2019 and amended its Comprehensive Plan after the Concept Plan was adopted. The City is now working on developing zoning and evaluating infrastructure needs as a part of this project.

Basalt Creek Concept Plan Proposed Employment Densities

The BCCP assigned employment densities to each land use designation to align with the regional employment capacity and traffic counts. According to the Concept Plan, the Wilsonville portion of the BCPA could support 2,524 jobs across 136.6 buildable acres, for an average employment density of 18.5 employees per gross buildable acre. The specific land use designations and respective employment densities are shown below. Note: West Railroad did not include a specific concept because it was viewed as having lower development potential in the near term and was slated for future study and consideration.

Table 4: Basalt Creek Concept Plan Land Use Designations

LAND USE DESIGNATION	BUILDABLE ACRES	TOTAL JOBS	JOBS PER GROSS BUILDABLE ACRE
Craft Industrial	1.3	27	21.7
Light Industrial District	35.3	581	16.5
High Tech Employment District	94.5	1,916	20.3
Functionally Unbuildable	5.6	0	0
TOTAL	**136.6**	**2,524**	**18.5**

Source: Basalt Creek Concept Plan.

Other Guiding Plans and Documents

WILSONVILLE COMPREHENSIVE PLAN

Wilsonville's Comprehensive Plan, updated in 2024, designates Basalt Creek and West Railroad as areas of special concern (M and N), and it describes special considerations that must be addressed in development of these areas. Design objectives established for Area of Special Concern M, Basalt Creek, include:

- Consider adopting a form-based code similar to that adopted in the Coffee Creek Industrial Area for new industrial development in Basalt Creek.
- Protect key natural resources and sensitive areas while making recreational opportunities accessible by integrating the new parkland, open spaces, natural areas, and trails in Basalt Creek into existing regional networks. Development should protect, enhance, and provide access to these natural resources.
- Locate north-to-south trails near the Basalt Creek Canyon and provide bicycle connections that would connect to other cities and trail systems, serving as an asset for both residents and employees in the area.
- Provide strong transit access to support employment within Basalt Creek. Integrate transit access with the bike, pedestrian, and trail services at key access points along SW Grahams Ferry Road, SW Boones Ferry Road, SW Day Road, SMART Central, and the Coffee Creek Correctional Facility.

No design objectives were included for Area of Special Concern N, West Railroad; however, it is noted that the area will require additional planning before any development occurs.

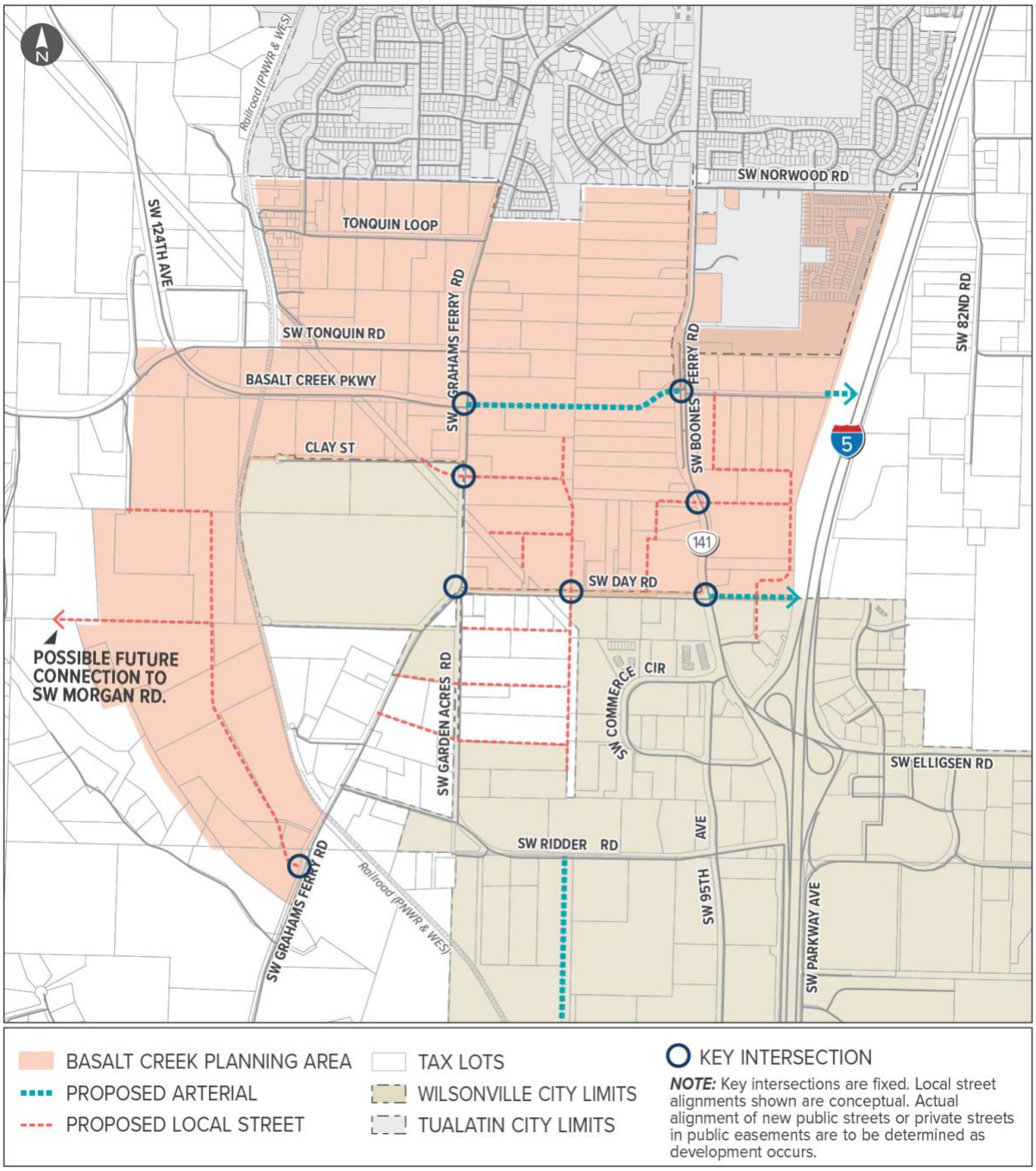
BASALT CREEK TRANSPORTATION REFINEMENT PLAN

The 2013 Basalt Creek Transportation Refinement Plan (TRP) set the layout of major new roads and improvements for the area, including enhanced bike and pedestrian facilities and connections to the future SMART transit system. The TRP included an Action Plan that consisted of 18 transportation investments, which were prioritized according to short-term, medium-term, and long-term projects.

ONGOING INFRASTRUCTURE AND NATURAL RESOURCE PLANNING

The City is currently collaborating with several consultants to update its understanding of infrastructure needs, natural resources, and hazards in the BCPA. The City is working with DKS Associates to refine the street alignment in the BCPA. A preliminary street alignment, provided below, may undergo further changes in future iterations.

Figure 3. Proposed BCPA Street Plan



Source: DKS Associates

Simultaneously, Pacific Habitat Services is assisting the City in updating and refining natural hazard and resource maps of the area. For utility infrastructure, the City has engaged Consor to help with assessing water, wastewater, and stormwater needs, as well as with determining the costs of necessary upgrades. These collaborative efforts aim to provide a comprehensive and up-to-date overview of the area's development requirements and environmental considerations. These simultaneous projects will be incorporated and inform this planning process as information becomes available.

What has happened since the Basalt Creek Concept Plan was adopted?

Since adoption of the BCCP, significant shifts have occurred in the office and industrial real estate markets. The pandemic accelerated the trend toward remote work, leading to higher office vacancy rates and a redefinition of office space needs. Conversely, the industrial sector experienced strong growth characterized by high demand, rising rents, and robust development, which was driven in part by the federal Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act. National trends in these industries are detailed in Section 2, while regional and Wilsonville-specific trends are covered in Section 3.

The City of Wilsonville has not annexed any of Basalt Creek since the BCCP was adopted in 2018. As a result, the BCPA has remained under Washington County's jurisdiction and zoning. Some development has occurred at much lower densities than envisioned in the BCCP, which is allowed under the more permissive County zoning code. Many existing businesses, including contractor establishments, have few employees and are using large areas of land for equipment storage, which conflicts with the City's vision for higher employment density. These uses are permitted under Washington County zoning but do not align with Wilsonville's goals for the area, or with the goals, priorities, and industrial land needs within the greater Portland metro area. Wilsonville's portion of the BCPA consisted of 90 tax lots in 2022. Some areas have a high degree of parcelization, while others are less fragmented. There are a handful of large contiguous landholdings by single ownership. While there has been growth in contractor establishments, many of them existed before the BCCP was in place. These trends are discussed in more detail in Section 3.

The City is interested in future development in Basalt Creek that better aligns with its vision for higher industrial employment density. To make meaningful progress, the City must first establish appropriate zoning designations and plan for necessary infrastructure—key objectives of this project.

2. Changes in Market Conditions

Following the COVID-19 pandemic, office and industrial real estate markets faced challenging development conditions, particularly due to high interest rates, significantly slowing commercial real estate development activity. The increased cost of capital has made many projects economically unfeasible, especially speculative projects that rely on debt financing and those with longer loan payback periods.[1] Higher interest rates have also reduced property valuations, complicating the ability of developers to secure construction financing and attract equity investments.[2] Additionally, rising construction costs—driven by inflation and supply chain disruptions—have further complicated development efforts across these sectors.

This section examines national trends that have shaped office and industrial real estate markets in recent years. It compares these trends to projections from the 2014 Market Analysis by Leland Consulting Group, which informed the BCCP. Understanding the broader national context is crucial for several reasons: It provides a benchmark for comparing local performance. National trends often influence regional and local markets, albeit sometimes with a delay. This understanding helps identify potential opportunities or challenges that may affect Wilsonville and Basalt Creek in the future. It also allows for more informed decision-making and strategic planning at the local level.

Regional and Wilsonville-specific trends are addressed separately in Section 3, building upon this national overview.

National and State Employment Trends

National Employment

The United States has seen robust employment growth since the COVID-19 pandemic. National employment increased by 21 percent between April 2020 and April 2024, surpassing prepandemic levels. The most recent year (April 2023 to April 2024) saw total nonfarm employment grow by 1.8 percent.[3]

Oregon Employment

Oregon's employment recovery, while positive overall since 2020, has fallen behind the national trend. From April 2020 to April 2024, the state's employment grew by 17 percent.

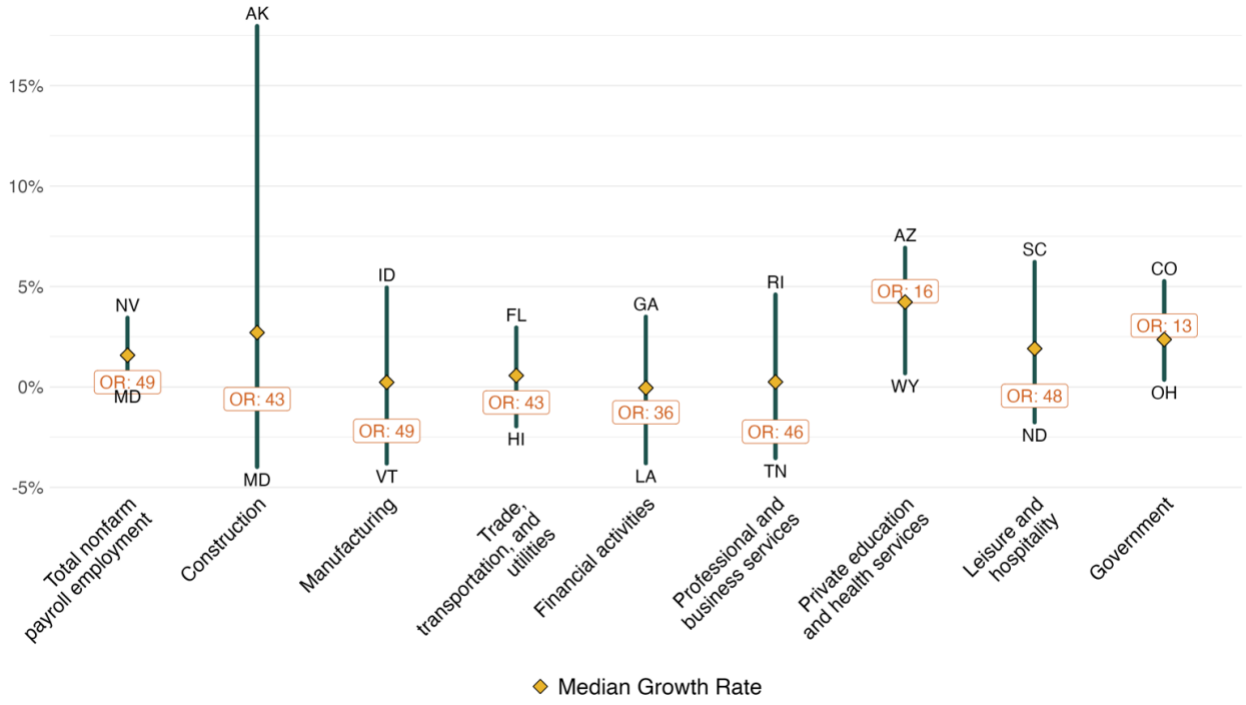
---

[1] If developers take on debt to finance a project, the longer they take to repay the loan, the more interest will accrue.
[2] In addition to loans, developers will typically finance projects in part with equity investments, in which investors become shareholders in the project.
[3] U.S. Bureau of Labor Statistics, Total Nonfarm Employment (not seasonally adjusted), 2020-2024.

However, in contrast to national growth, Oregon experienced a slight decline of 0.1 percent in employment between April 2023 and April 2024.[4]

The state's recent economic performance is concerning across multiple sectors. Oregon ranked 49th out of all states in nonfarm employment growth rate between April 2023 and April 2024. During this period, the state was among the bottom ten for employment growth (losing jobs while other states saw gains) in manufacturing, construction, trade, transportation and utilities, professional and business services, and leisure and hospitality.

Figure 4. Employment Growth Rates for All States by Sector (April 2023 to April 2024)



Source: U.S. Bureau of Labor Statistics Current Employment Survey, April 2024. Note: This figure compares Oregon's employment growth rate to all other states. For example, "OR: 49" for total nonfarm payroll employment means Oregon ranked 49th out of all states in employment growth rate between April 2023 and April 2024.

[4] U.S. Bureau of Labor Statistics, Total Nonfarm Employment (not seasonally adjusted), 2020-2024

National Office Trends

This section describes national trends for office space excluding industrial, manufacturing, or flex space, which is discussed in the following subsection. The 2014 Market Analysis, which informed the Basalt Creek concept planning process, highlighted a reduced demand for office space and a less robust market, predicting a slower pace for office development. This outlook was based on the fact that regional employment levels in Portland had only recently returned to their prerecession levels of 2008.

These trends have been further exacerbated by the COVID-19 pandemic and resulting market shifts toward remote work. According to the Bureau of Labor Statistics' American Time Use Survey, the share of employees working from home rose from 24 percent in 2019 to 34 percent in 2022.[5] Nationally, the office market as a whole is declining, although high-quality office space remains in relatively strong demand. Key findings include:

- **Negative net absorption:** National net absorption for office space came in negative (at negative 18.2 million square feet) for the tenth quarter in a row.[6] However, this trend is not uniform across U.S. markets, with a third of U.S. office markets having positive net absorption. JLL, a global commercial real estate and investment management company that tracks and reports on commercial real estate dynamics, noted that many properties and markets with high negative net absorption are earmarked for conversion to other uses.[7]
- **Shrinking inventory:** The construction pipeline has decreased by 67 percent since early 2020. As of Q2, 2024 office deliveries (referring to new construction added to the market) were 27 percent below the average since 2020, and the current pipeline is at its lowest point in a decade.[8] As office inventory removals outpace market deliveries, overall office market inventory has declined.[9]
- **Favored product types:** Certain types of office space are outperforming others, with tenants favoring high-quality buildings, such as those in attractive locations or featuring additional amenities. With new construction slowing down, existing high-quality assets will likely continue to see demand as competition decreases. In contrast, older and obsolete spaces may require investment or conversion, and the performance of middle-market spaces will vary depending on factors like location, space type, and submarket.[10]

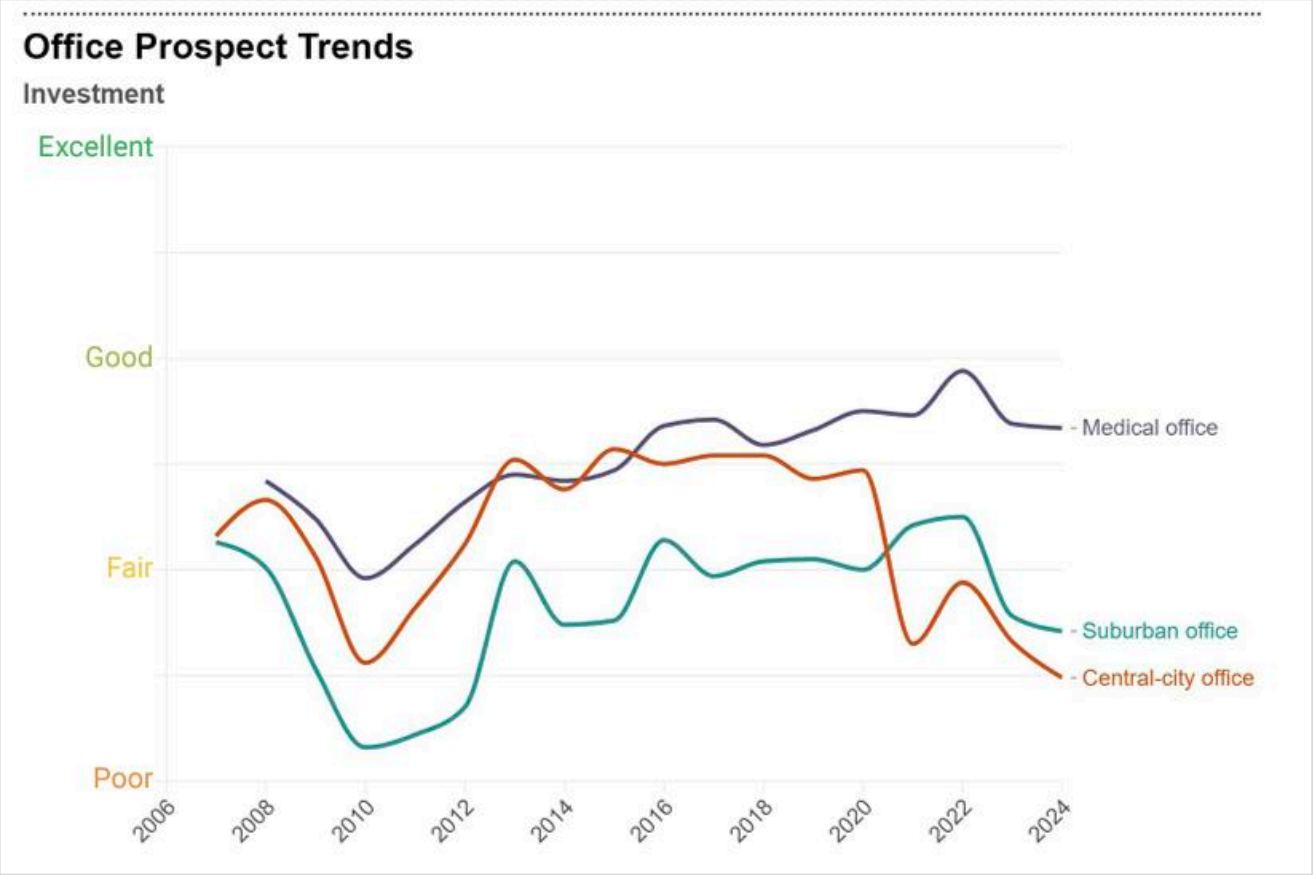
Looking ahead, the office sector is expected to adjust to a hybrid work model, with peak attendance levels stabilizing at around 60 to 70 percent. This shift will set a new baseline for office space requirements. Cushman & Wakefield predicts that office occupancy will start to stabilize in the latter half of 2025 as the pace of adjustments to hybrid spaces

[5] BLS, American Time Use Survey, 2023; does not differentiate between part- and full-time workers
[6] Cushman & Wakefield, U.S. Office Marketbeat Q2 2024
[7] JLL, JLL U.S. Office Outlook Q1 2024
[8] Cushman & Wakefield, U.S. Office Marketbeat Q2 2024
[9] JLL, JLL U.S. Office Outlook Q1 2024
[10] Cushman & Wakefield, U.S. Office Marketbeat Q2 2024

slows down and growth in both employees and new businesses generate demand for office space.[11]

Figure 5 shows the Urban Land Institute's national office market investment prospect trends by secondary market type. While the investment prospect for suburban and central city office space has fallen between "poor" and "fair" in recent years, the investment prospect for medical office space has risen relatively steadily and is rated just below "good."

Figure 5: Urban Land Institute National Office Investment Prospect Trends



Source: Urban Land Institute 2024 Emerging Trends in Real Estate, United States and Canada

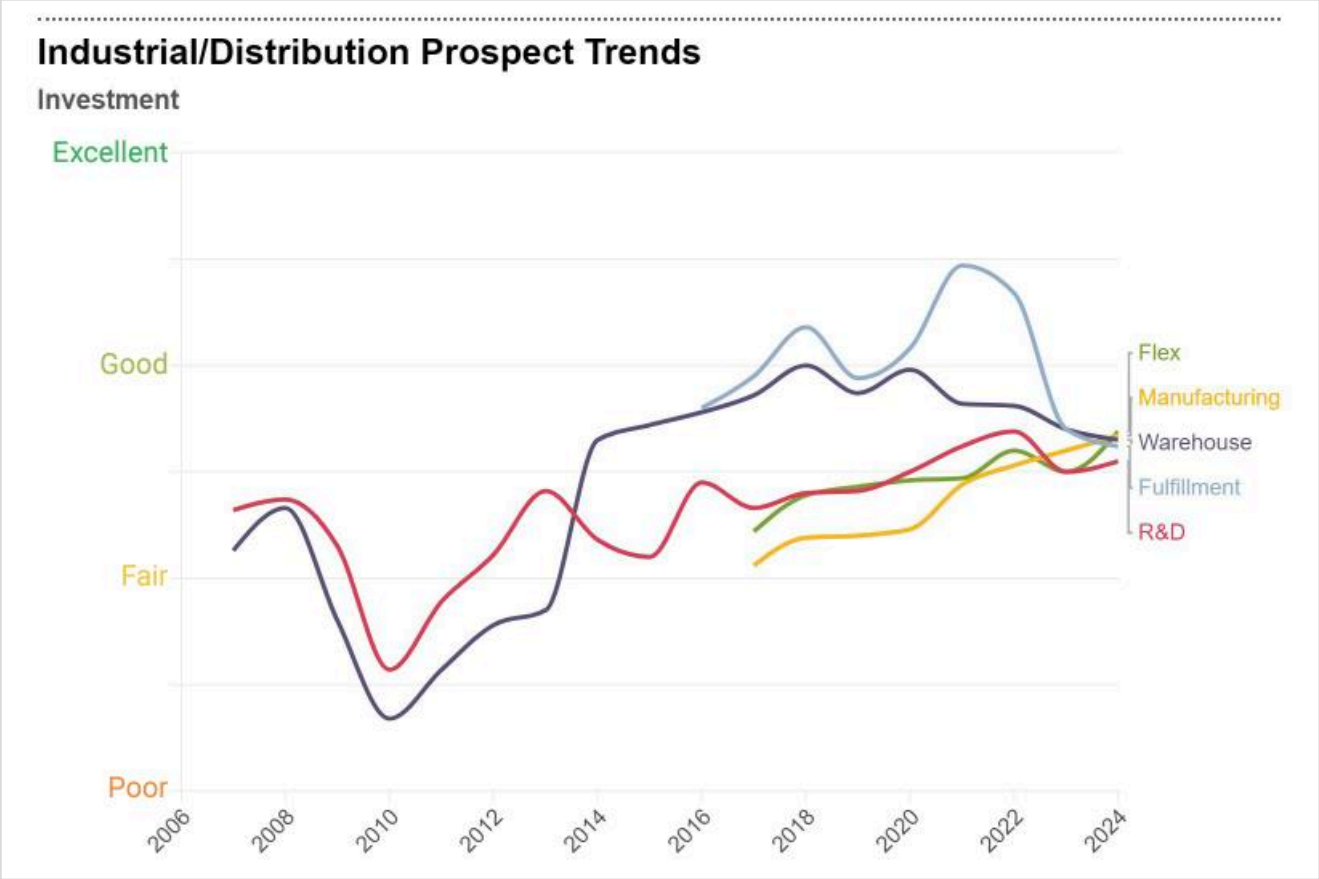
[11] Cushman & Wakefield, U.S. Office Marketbeat Q2 2024

National Industrial Trends

The 2014 Market Analysis, which informed the Basalt Creek concept planning process, reported that industrial space demand was likely to surge as the economy continued to recover from the 2008 recession, citing significant industrial space in the Portland region's development pipeline. It also highlighted that the I-5 South submarket would see some of the greatest demand, predicting that industrial development would continue to outpace office development—an accurate forecast.

The 2014 Market Analysis also correctly predicted stronger markets for research and development, advanced manufacturing, general manufacturing, and warehousing space. Figure 6 shows the Urban Land Institute's trends in investment prospects for industrial and distribution space nationally, showing increased development prospects for these space types from 2014 to around 2021. Historically, fulfillment and warehouse space were rated as better investment prospects than research and development, manufacturing, and flex space. However, in recent years the investment prospects for the various secondary market types have coalesced toward a similar prospect rating, just below "good."

Figure 6: Urban Land Institute National Industrial and Distribution Prospect Trends



Source: Urban Land Institute 2024 Emerging Trends in Real Estate, United States and Canada

In recent years, the industrial real estate market has shown strong performance, particularly in 2022 and 2023, though growth has started to slow in 2024. Despite this slowdown, the national industrial market remains relatively robust overall. Key trends include:[12]

- **Stabilizing vacancy rates:** Since mid-2022, vacancy rates have been rising, but the pace of increase has slowed. As of Q2 2024, the national vacancy rate stands at 6.1 precent and is expected to continue increasing. However, it remains below the 10-year prepandemic average (2010-2019) of 7 percent.
- **Positive net absorption:** Industrial market demand remains strong, with positive net absorption and rising rents. However, the rate of change has slowed compared to previous years. For instance, rents rose by 3.7 percent year over year since 2023 Q2, marking the slowest growth rate since 2020.
- **Slowing construction:** One reason for rising vacancy rates is the influx of new supply, with over 1.2 billion square feet delivered nationally in 2022 and 2023. However, the construction of new industrial projects has slowed significantly, decreasing by 46 percent from Q2 2023, reaching its lowest point in four years.

Nationally, the market is expected to stabilize over the next year as the shrinking construction pipeline and positive net absorption limit the available supply of industrial space. However, Cushman & Wakefield report that "the tailwinds of e-commerce growth, onshoring and nearshoring, and a resilient consumer all set the stage for fundamentals to trend positively going forward, albeit at a pace below 2021 and 2022 highs."[13,14] Key forecasted trends include:

- **Decreasing vacancy rates:** While vacancy rates are expected to continue to rise until early 2025, they are expected to peak at around 6.7 percent and then begin to decrease in the second half of 2025. In conjunction with this trend, annual net absorption is expected to increase through 2025.[15]
- **Increasing rents:** Although the rate of rent increase is expected to slow, asking rents for industrial space are anticipated to continue growing through 2025.[16]
- **Manufacturing growth:** According to JLL, the sustained growth in manufacturing due to reshoring trends (returning production to the United States) will likely continue to drive industrial demand nationally. Supply chains will seek strategically located facilities that can accommodate localized manufacturing, efficient distribution, and resilient inventory management systems.[17]

---

[12] Cushman & Wakefield, Industrial Marketbeat Q2 2024 Portland Industrial Report
[13] Onshoring and nearshoring refers to the trend of businesses sourcing production within the United States as opposed to outside the United States.
[14] Cushman & Wakefield, Industrial Marketbeat Q2 2024 Portland Industrial Report
[15] Cushman & Wakefield, Industrial Marketbeat Q2 2024 Portland Industrial Report
[16] Cushman & Wakefield, Industrial Marketbeat Q2 2024 Portland Industrial Report
[17] JLL, Q1 2024 Industrial Outlook

3. Wilsonville Basalt Creek Updated Market Assessment

The Basalt Creek Concept Plan (BCCP) was based on a market assessment conducted in 2014. In the decade since, significant changes have occurred in employment patterns and market conditions. This section provides an updated analysis of regional and Wilsonville-specific employment trends, current forecasts, and present market dynamics, building on the national overview in Section 2.

This updated information establishes a new baseline for understanding Basalt Creek's current market context. Additionally, this section evaluates Basalt Creek's competitive strengths and weaknesses and identifies industries most likely to establish a presence in the area.

Employment Trends and Forecast

In 2022, Wilsonville's employment landscape was characterized by a strong concentration in industrial sectors, with manufacturing, wholesale trade, and construction making up 43 percent of the City's total employment—a much higher share compared to the broader tri-county region. This focus on industrial jobs sets Wilsonville apart, highlighting its distinct role in the regional economy.

Employment Trends

In 2022, Wilsonville had 21,383 covered employees, representing 2.2 percent of the region's covered employment.[18] The City's top three sectors are manufacturing (17.8 percent, 3,796 jobs), wholesale trade (14.4 percent, 3,083 jobs), and construction (10.5 percent, 2,248 jobs). These three industries combined represent 43 percent of Wilsonville's total employment, nearly double the 22 percent share these sectors hold in the broader tri-county region (Clackamas, Multnomah, and Washington Counties).

This concentration in industrial jobs sets Wilsonville apart from the surrounding area. While Wilsonville's top sectors are manufacturing, wholesale trade, and construction, the tri-county region's largest employers are in health care and social assistance, government, and manufacturing.

Table 5: Industry Distribution, Wilsonville and Tri-County Region, 2022

SECTOR	WILSONVILLE		TRI-COUNTY	
	2022 COVERED EMPLOYMENT	SHARE OF EMPLOYMENT	2022 COVERED EMPLOYMENT	SHARE OF EMPLOYMENT
Agriculture, Forestry, Fishing and Hunting	41	0.2%	9,532	1.0%
Utilities, Mining, Quarrying, Oil and Gas Extraction	101	0.5%	2,552	0.3%
Construction	2,248	10.5%	58,672	6.1%
Manufacturing	3,796	17.8%	102,378	10.6%
Wholesale Trade	3,083	14.4%	46,341	4.8%
Retail Trade	2,078	9.7%	90,895	9.4%
Transportation and Warehousing	748	3.5%	43,835	4.5%
Information	121	0.6%	21,957	2.3%
Finance and Insurance	231	1.1%	31,171	3.2%
Real Estate and Rental and Leasing	219	1.0%	16,947	1.8%
Professional, Scientific, and Technical Services	1,974	9.2%	69,299	7.2%
Management of Companies and Enterprises	555	2.6%	36,951	3.8%
Admin., Waste Mgmt, and Remediation	1,655	7.7%	58,605	6.1%
Private Education	90	0.4%	18,213	1.9%
Health Care and Social Assistance	1,007	4.7%	122,197	12.7%
Arts, Entertainment, and Recreation	193	0.9%	13,631	1.4%
Accommodation and Food Services	1,356	6.3%	77,278	8.0%
Other Services (except Public Administration)	454	2.1%	34,720	3.6%
Other (nonclassifiable)	28	0.1%	1,927	0.2%
Government	1,405	6.6%	107,431	11.1%
Total:	**21,383**	**100%**	**964,532**	**100%**

Source: QCEW

[18] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Over the past decade, Wilsonville's employment grew slightly faster than that of the tri-county region. This growth was largely driven by an increase in construction jobs, which more than tripled during this period. Although the tri-county region also experienced growth in construction jobs, Wilsonville's rate of growth was considerably higher. Wilsonville also had strong employment growth in wholesale trade. Notably, while wholesale employment rose in Wilsonville, it declined across the broader tri-county region.

In contrast, Wilsonville experienced a decline in manufacturing employment, even as the region saw growth in this sector. Wilsonville maintained stable employment in the transportation and warehousing sector, while the tri-county region grew substantially.

Table 6: Change in Employment, Wilsonville and Tri-County Region (2012 to 2022)

SECTOR	CHANGE 2012-2022			
	NUMBER		PERCENT	
	WILSONVILLE	TRI-COUNTY	WILSONVILLE	TRI-COUNTY
Agriculture, Forestry, Fishing and Hunting	(2)	810	-5%	9%
Utilities, Mining, Quarrying, Oil and Gas Extraction	(5)	263	-5%	11%
Construction	1,505	20,584	203%	54%
Manufacturing	(549)	8,332	-13%	9%
Wholesale Trade	703	(2,409)	30%	-5%
Retail Trade	81	6,254	4%	7%
Transportation and Warehousing	1	17,473	0%	66%
Information	(34)	1,946	-22%	10%
Finance and Insurance	(16)	(3,904)	-6%	-11%
Real Estate and Rental and Leasing	(31)	3,678	-12%	28%
Professional, Scientific, and Technical Services	452	19,014	30%	38%
Management of Companies and Enterprises	293	15,121	112%	69%
Admin., Waste Mgmt, and Remediation	780	9,821	89%	20%
Private Education	(87)	(617)	-49%	-3%
Health Care and Social Assistance	(435)	26,457	-30%	28%
Arts, Entertainment, and Recreation	33	2,277	21%	20%
Accommodation and Food Services	291	5,588	27%	8%
Other Services (except Public Administration)	51	1,062	13%	3%
Other (nonclassifiable)	15	1,627	115%	542%
Government	289	4,210	26%	4%
Total:	**3,335**	**137,587**	**18%**	**17%**

Source: QCEW

BASALT CREEK PLANNING AREA EMPLOYMENT

The BCPA (Wilsonville portion only) grew in employment from 2012 to 2022, with 275 covered employees reported as of 2022. The average wage in the BCPA was $85,863, which is higher than both the tri-county ($73,995) and City average wages ($74,252), suggesting these are relatively well-paying jobs.

Table 7. Change in Employment and Wage, BCPA 2012-2022

YEAR	TAX LOTS	ESTABLISHMENTS	EMPLOYMENT	TOTAL PAY*	AVERAGE WAGE*
2012	80	11.0	194	$9,593,330	$49,450
2022	90	10.0	275	$23,612,269	$85,863
CHANGE	**10**	**-1**	**81**	**$14,018,939**	**$36,413**

Source: QCEW
*not inflation adjusted

Wilsonville's portion of the BCPA consisted of 80 tax lots in 2012 and 90 tax lots in 2022. Some areas in the BCPA have a high degree of parcelization, while others are less fragmented. There are a handful of large contiguous landholdings by single ownership. In 2012, 8 tax lots had businesses with covered employment, increasing slightly to 10 tax lots in 2022. Employment density on lots with covered employment remains low at 4.4 employees per acre as of 2022, with most tax lots having no covered employment at all.

Table 8. Lots with and without Covered Employment in the BCPA, 2012-2022

	2012			2022		
	TAX LOTS	ACRES	EMPLOYMENT DENSITY	TAX LOTS	ACRES	EMPLOYMENT DENSITY
With Employment	8	62	3.1	10	63	4.4
Without Employment	72	410	n/a	80	406	n/a
Total	**80**	**472**	**0.4**	**90**	**469**	**0.6**

Source: QCEW Note: The minor change in acreage from 2012 to 2022 resulted from constructing of the Basalt Creek Parkway and small adjustments in the recording of tax lots over that period.

It is important to note that these figures only account for covered employees.[19] Some of the land in the BCPA is actively used despite minimal reported employment. The area is primarily used for contractor establishments, including storage yards for various businesses, which typically require fewer employees. It is likely that additional workers are present but not included in the covered employment estimates, such as sole proprietors or other types of uncovered contractors. Due to the prevalence of storage-focused contractor establishments, many lots have minimal building improvements. The improvement-to-land-value ratio is low and has changed little over the past decade.

Table 9. Improvement to Land Value, BCPA, 2012-2022

	LAND VALUE	BUILDING VALUE	IMPROVEMENT TO LAND VALUE
2012	$16,577,800	$6,738,020	0.41
2022	$32,892,790	$16,996,440	0.52

Source: Regional Land Information System (RLIS)

[19] **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Employment Forecast

Between 2020 and 2045, the City is projected to grow by 3,471 employees at an average annual growth rate of 0.7 percent. This rate is faster than Tualatin but slightly slower than Sherwood and the region overall. Washington County is projected to grow the fastest of the three counties in the region.

Table 10: Metro Employment Forecast, 2020 to 2045

			CHANGE 2020-2045		
	2020	2045	NUMBER	PERCENT	AAGR
Tualatin	34,115	36,792	2,677	8%	0.3%
Wilsonville	**20,539**	**24,010**	**3,471**	**17%**	**0.7%**
Sherwood	6,646	8,013	1,367	21%	0.8%
Clackamas County	173,891	212,341	38,450	22%	0.9%
Multnomah County	538,628	651,090	112,462	21%	0.8%
Washington County	313,513	391,712	78,199	25%	1.0%
THREE COUNTY TOTAL	**1,026,032**	**1,255,143**	**229,111**	**22.3%**	**0.9%**

Source: Oregon Metro, 2045 Distributed Forecast
AAGR = Annual Average Growth Rate

For 2022 to 2032, the Oregon Employment Department (OED) forecasts the strongest growth for the Portland tri-county region in commercial sectors, led by information, leisure and hospitality, and private education and health services. However, OED also predicts growth in industrial sectors, with the strongest relative growth in the construction industry followed by transportation, warehousing, and utilities.

Table 11: Portland Tri-County Industry Projections, 2022 to 2032

INDUSTRY	EMPLOYMENT		CHANGE	
	2022	2032	NUMBER	PERCENT
Natural resources and mining	10,100	10,600	500	5.0%
Construction	59,100	67,800	8,700	14.7%
Manufacturing	101,300	109,800	8,500	8.4%
Wholesale trade	47,300	51,900	4,600	9.7%
Retail trade	90,000	93,500	3,500	3.9%
Transportation, warehousing, and utilities	46,500	52,500	6,000	12.9%
Information	23,400	28,700	5,300	22.6%
Financial activities	60,600	62,500	1,900	3.1%
Professional and business services	167,600	191,000	23,400	14.0%
Private educational and health services	143,400	168,700	25,300	17.6%
Leisure and hospitality	90,700	109,400	18,700	20.6%
Other services	38,200	43,100	4,900	12.8%
Government	114,200	123,500	9,300	8.1%
Self-employment	62,700	69,600	6,900	11.0%
Total	**1,055,100**	**1,182,600**	**127,500**	**12.1%**

Source: Oregon Employment Department Employment Projections

Real Estate Market Trends

The real estate market trends in Wilsonville and the Portland region generally align with the national trends outlined in Section 2. While Wilsonville's office market typically has a lower vacancy rate compared to the broader region, it has had consistently negative net absorption and recent spikes in the vacancy rate, reaching over 12 percent in 2024.

More positively, Wilsonville's industrial market has a relatively low vacancy rate, large average building sizes, and a variety of industrial space types that could appeal to a mix of tenants. Wilsonville is also well positioned to benefit from promising industrial trends in the broader region, including investments in semiconductor manufacturing and market growth that could attract tenants to the area. However, industrial development in Wilsonville has been limited over the past decade. Only 1.7 percent of its total industrial space has been built in the last 10 years, compared to 11 percent in the broader Portland metro area. According to CoStar, in the past five years, three buildings have been under construction in Wilsonville: one completed in 2022 and two slated to be completed in 2025.

NOTE ON COSTAR DATA

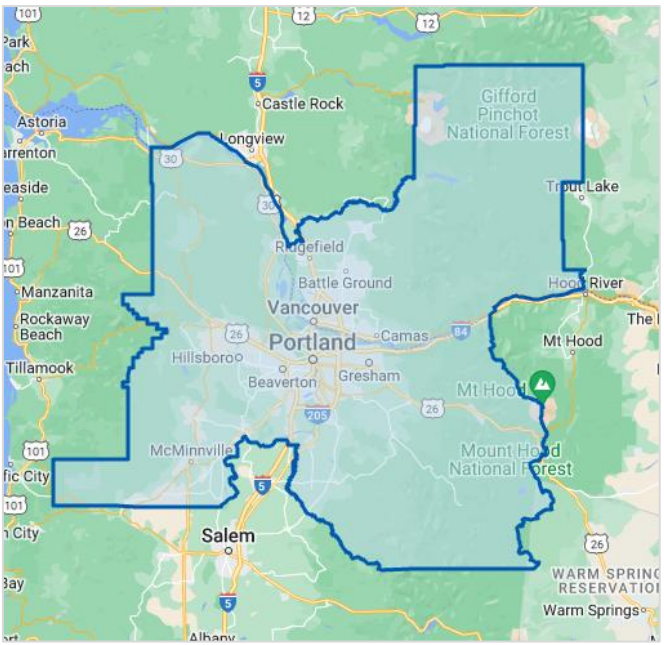
While CoStar data provides valuable, up-to-date data across a wide range of metrics, data quality is more limited in smaller markets and at the property level. The data here should be read as an indication of overall market statistics and trends, rather than an exact reflection of all properties in a given market.

This section analyzes real estate market trends for various submarkets encompassing the BCPA, including the I-5 South submarket (Figure 7) and the Portland metro area (Figure 8).

Figure 7: I-5 South Submarket Boundary

Source: CoStar

Figure 8: Portland Metro CoStar Boundary



Source: CoStar

Office Market Trends

Portland Metro Regional Trends

Like the national office space market, office spaces in the Portland metro are experiencing high vacancy rates and lower leasing activity. Work-from-home policies have decreased the demand for office space. Consequently, tenants have increased bargaining leverage; they are pressuring landlords to reduce rates, increase lease concessions, and raise tenant improvement budgets. Despite these adjustments, an increase in vacancies is expected, with interest rates and economic uncertainty adding volatility to the office market.[20] Other key findings include:

- **Record high vacancy rates:** High vacancy rates have continued to climb, reaching a record high of 13.3 percent vacant office space in 2024 Q2.[21]
- **Continued negative net absorption:** Net absorption in the Portland market was just over negative 500,000 square feet in 2024 Q2, the fourth quarter in a row of negative net absorption. Since the beginning of 2020, the Portland office market has only had positive net absorption for five quarters.[22]
- **Leasing activity:** Leasing and sales activity are on par with 2023, indicating that the vacancy and absorption trends are due to companies exiting the marketplace or downsizing at a higher rate, likely due to continued work-from-home policies.[23]

However, the Portland office market is not uniform, with the suburban office market performing better than the downtown and regional office markets. The Portland suburbs' office vacancy rates are 8.6 percent, compared to 23.9 percent downtown.[24]

Wilsonville Office Market

Wilsonville currently has approximately 1.4 million square feet of office space, representing roughly 18 percent of office space in the I-5 South submarket and 1 percent in the broader Portland metro region. According to CoStar, over the past decade, one office building was added to Wilsonville's market in 2020, located at 29250 Southwest Town Center Loop West. This office building was about 30,000 square feet, or roughly 2 percent of Wilsonville's total office space. Over the same period, the Portland metro added a greater share (9 percent) of

[20] Cushman & Wakefield, Office Marketbeat Q2 2024 Portland Office Report
[21] Cushman & Wakefield, Office Marketbeat Q2 2024 Portland Office Report
[22] Kidder Matthews, Portland Office Market Report Q2 2024
[23] Kidder Matthews, Portland Office Market Report Q2 2024
[24] Cushman & Wakefield, Office Marketbeat Q2 2024 Portland Office Report

space to its office market. These projects, on average, have been significantly larger than usual office buildings, with a few very large projects surpassing 100,000 square feet.

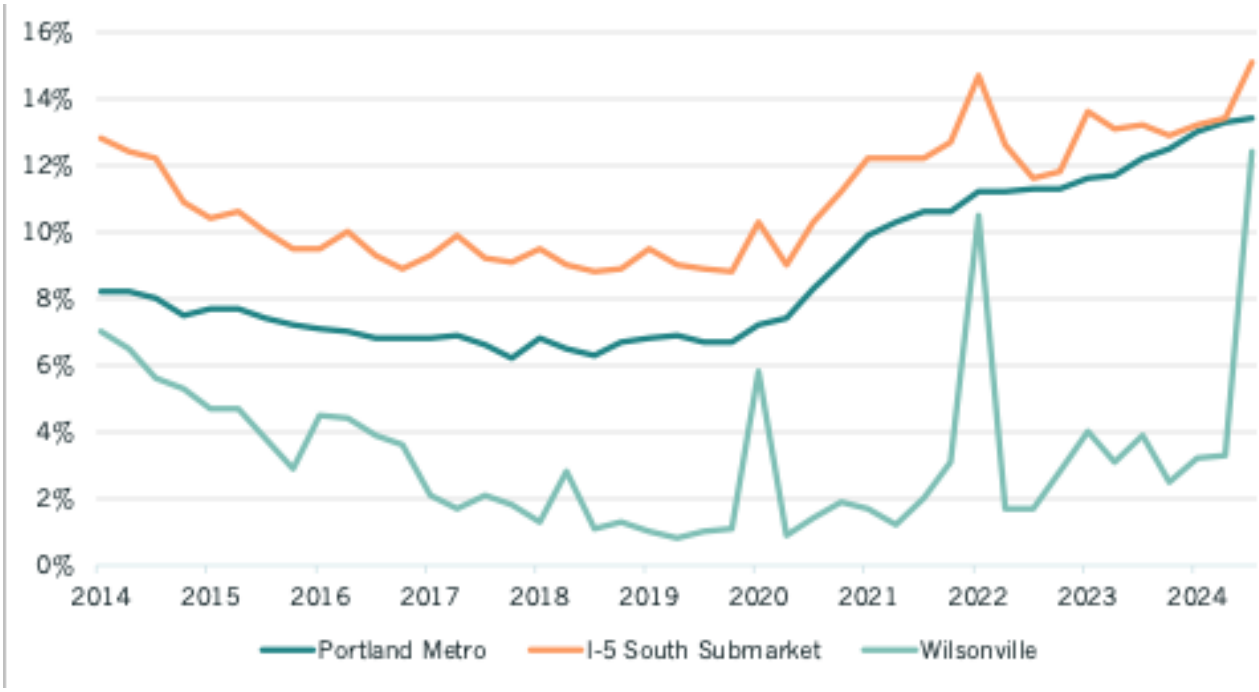
Table 12: Office Space Development Trends, 2014 to 2024

GEOGRAPHY	TOTAL BUILDINGS	TOTAL SQUARE FEET	AVERAGE BUILDING SIZE
ALL OFFICE DEVELOPMENT			
Portland Metro	6,217	118,809,170	19,110
I-5 South Submarket	431	7,533,437	17,479
Wilsonville	62	1,358,335	21,909
BUILT IN THE LAST 10 YEARS			
Portland Metro	66	10,354,342	156,884
I-5 South Submarket	4	80,976	20,244
Wilsonville	1	30,000	30,000

Source: CoStar, pulled August 2024

Per Costar, the I-5 South submarket office vacancy rates have been higher than the Portland metro's vacancy rates since 2014, although vacancy rates have been much more similar since 2022. Both have vacancy rates above 13 percent as of July 2024. While Wilsonville office vacancy rates have remained much lower, the end of a few leases are reflected in vacancy rate spikes in 2020, 2022, and 2024, when the vacancy rate spiked closer to the Portland metro average.

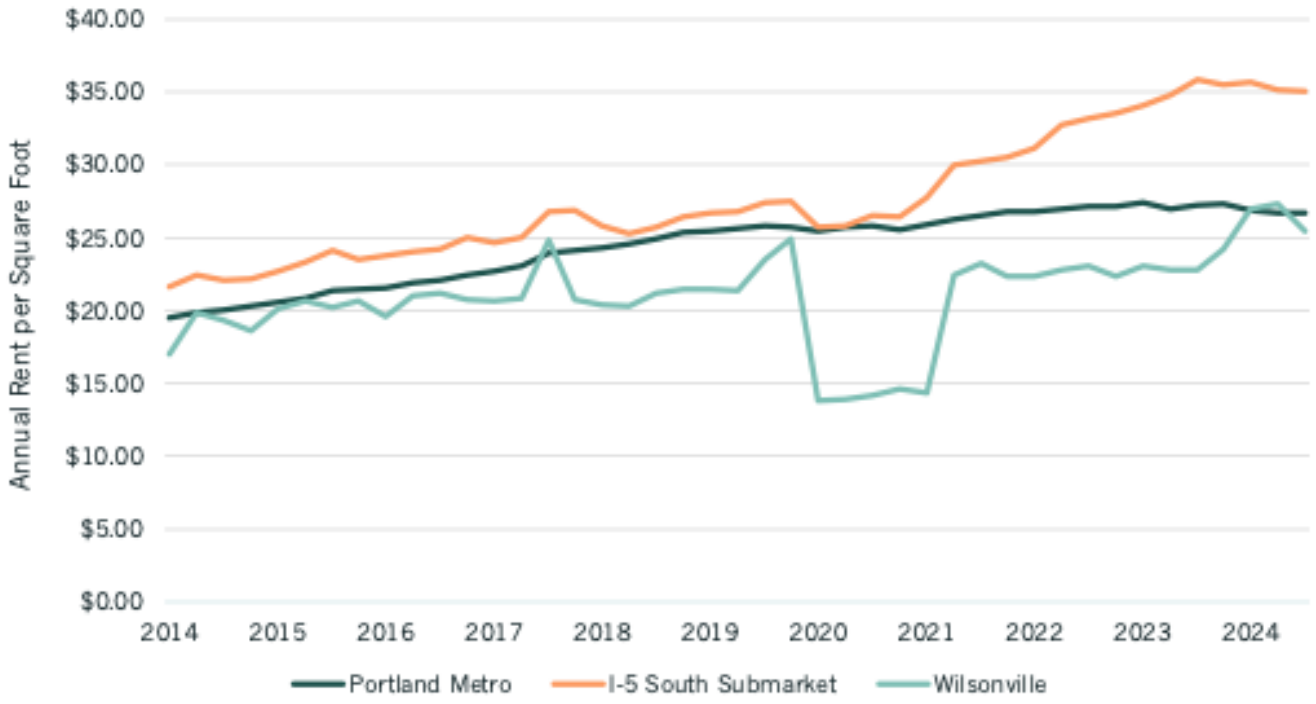
Figure 9: Office Vacancy Rate Trends, 2014-2024



Source: CoStar, pulled August 2024

Office rents have increased in the I-5 South submarket despite high vacancies, and they remain substantially above the Portland metro region's average, according to Costar. Historically, office rents in Wilsonville have been lower than in the Portland metro area. However, since an initial decline in 2020, rents in Wilsonville have risen steadily, reaching over $26 per square foot, now equal to the Portland metro average for the first time in a decade.

Figure 10: Office Lease Rate Trends, 2014-2024



Source: CoStar, pulled August 2024

Net absorption and delivery trends also indicate a relatively slow office market. From 2019 to 2024 Q3, net absorption was negative in all three areas. Over the same period, net absorption in the Portland metro area was negative 4.6 million square feet, negative 387,000 square feet in the I-5 South submarket, and negative 122,000 square feet in Wilsonville.

Industrial Market

Portland Metro Regional Trends

Like the national industrial market overall, the Portland metro area industrial market has been strong in recent years, particularly from 2021 to 2023. However, similar to national trends, a few metrics indicate that demand for industrial space is decelerating in the region:[25]

- **Increasing vacancy rates:** Vacancy for industrial space in the Portland metro region has risen steadily since early 2023, and net absorption was negative in both Q1 and Q2 of 2024. While overall leasing activity for industrial space in the area remained higher than the area's 10-year average, a few large companies downsizing or exiting the market contributed to negative net absorption and vacancy trends.
- **Slow lease-up for new construction:** The delivery of 1.2 million square feet to the market in early 2024 also contributed to the region's supply of vacant industrial space. However, newly constructed industrial space has been slow to lease up, with 93 percent of recent leasing activity in buildings built before 2010.
- **Rising unemployment rates:** In early 2024, Portland's unemployment rate (4.1 percent) surpassed the national average (3.8 percent) amid layoffs, including the shutdown of a large UPS location in North Portland, which impacted 300 sorting and distribution jobs.

However, investors and leasing professionals are confident in the regional market's long-term health, particularly due to significant investments in the region's semiconductor manufacturing sector.[26] Market strengths include:

- **CHIPS Act:** In 2022, the federal government allocated $50 billion as part of the CHIPS Act to bolster U.S. semiconductor manufacturing, which is expected to create thousands of regional manufacturing and construction jobs.[27] The expansion of the semiconductor industry could also have a ripple effect, creating demand for industrial space for equipment suppliers, supply chain materials manufacturers, and testing facilities.
- **Strong submarkets:** According to market reports from Cushman & Wakefield and CBRE, other strong industrial submarkets include food and beverage warehousing, tech warehousing, and auto part manufacturing.[28] These are some of the most common types of tenants seeking space in the market, although deals are taking longer on average to reach completion.[29]

---

[25] CBRE, Q2 2024 Portland Industrial Market Update
[26] Cushman & Wakefield, Industrial Marketbeat Q2 2024 Portland Industrial Report
[27] Cushman & Wakefield, Industrial Marketbeat Q2 2024 Portland Industrial Report
[28] Cushman & Wakefield, Industrial Marketbeat Q2 2024 Portland Industrial Report
[29] CBRE, Q2 2024 Portland Industrial Market Update

- **Market growth:** Current forecasts estimate that 2.4 million square feet will be delivered to the market in 2024, roughly 1 percent of the current Portland industrial space inventory. As reported by CBRE, investors and leasing professionals are confident that the Portland market has additional room for growth.

Wilsonville Industrial Market

Wilsonville has about 8.6 million square feet of industrial and flex space, representing roughly 24 percent of the I-5 South submarket and 3 percent of the Portland metro region's industrial space. The average size of Wilsonville's industrial building is roughly 63,000 square feet, almost twice as large as the average industrial building in the broader Portland metro (34,000 square feet).

Wilsonville has had limited industrial development in the past decade. Only 1.7 percent of Wilsonville's total industrial space was built in the last 10 years, compared to roughly 11 percent of the I-5 South submarket and Portland metro industrial space. This slow pace of development makes sense given the limited supply of developable industrial land in the City and, more precisely, the development constraints that exist on those lands.

Table 13: Industrial & Flex Space Development Trends, 2014 to 2024

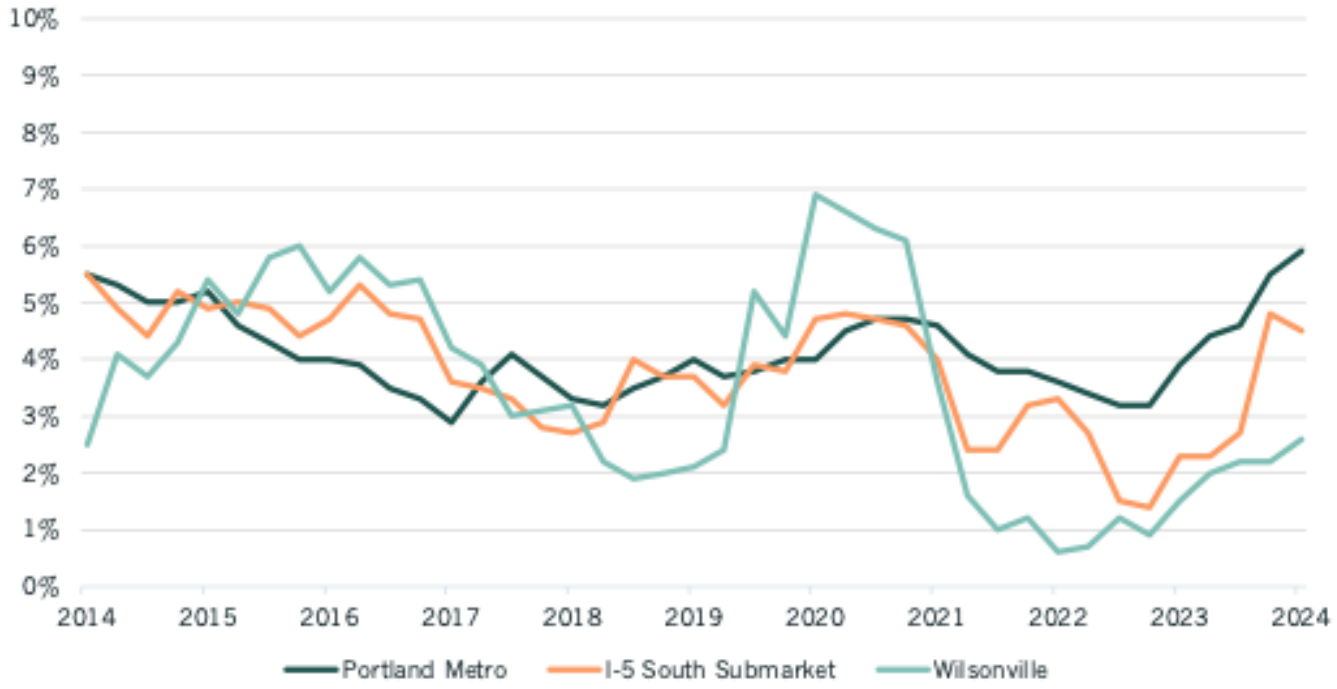
GEOGRAPHY	TOTAL BUILDINGS	TOTAL SQUARE FEET	AVERAGE BUILDING SIZE
ALL INDUSTRIAL DEVELOPMENT			
Portland Metro	7,535	257,487,989	34,172
I-5 South Submarket	900	35,089,559	38,988
Wilsonville	137	8,605,081	62,811
BUILT IN THE LAST 10 YEARS			
Portland Metro	278	30,328,230	109,094
I-5 South Submarket	50	3,848,383	76,968
Wilsonville	2[30]	145,611	72,806

Source: CoStar, pulled August 2024

[30] The two buildings listed in CoStar are located at 96500 SW Parkway Ave (2025) and 10680 SW Clutter Road (2022). However, city staff noted three others: the Black Creek development in the Coffee Creek industrial area and two SSI Shredding facilities.

Wilsonville's industrial vacancy rate has remained below 6 percent for most of the past decade. In 2020 and 2021, Wilsonville saw a brief spike in vacancy, likely driven by the COVID-19 pandemic, which quickly dropped to just over 1 percent in 2022. As of July 2024, Wilsonville's combined industrial and flex space vacancy rate was 2.6 percent (Figure 12). Wilsonville's industrial vacancy rate has been below the Portland metro since 2021. As of July 2024, the Portland metro had a vacancy rate of 5.9 percent and I-5 South submarket had a vacancy rate of 4.5 percent.

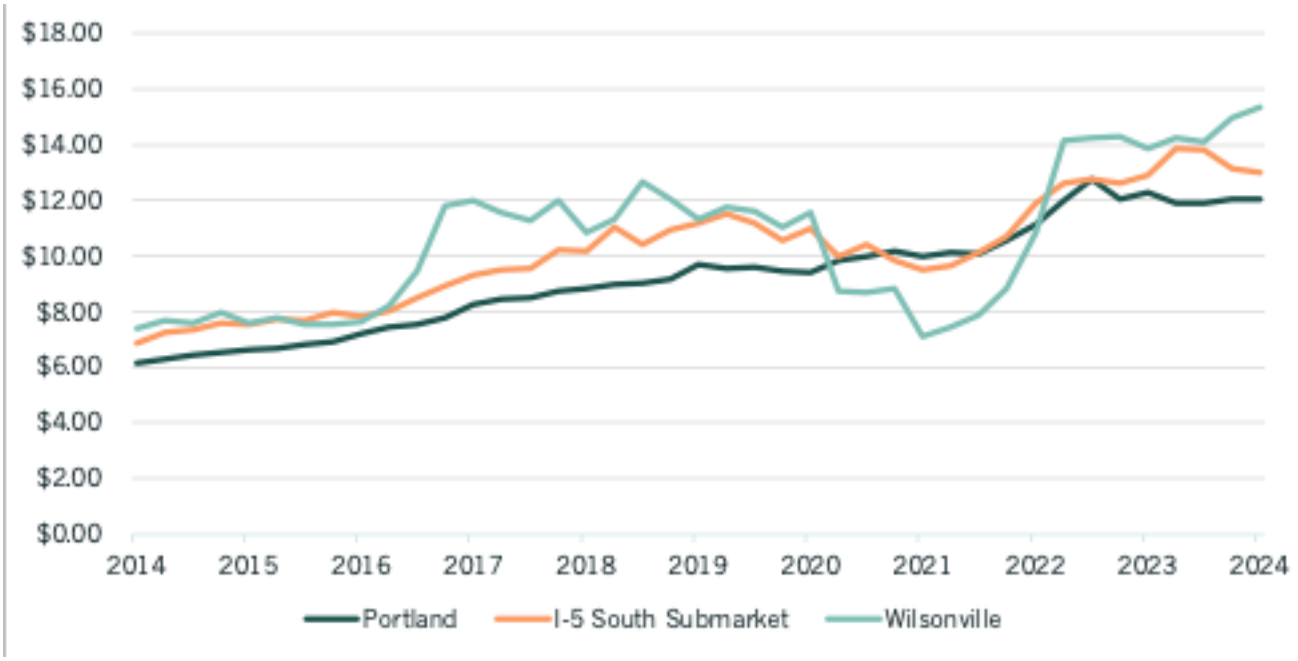
Figure 11: Industrial & Flex Vacancy Rate Trends, 2014-2024



Source: CoStar, pulled August 2024

Triple net industrial rents in Wilsonville increased from 2014 to 2020 and were generally higher than the Portland metro region over the period.[31] Wilsonville shows a large drop in lease rates between 2020 and 2021, likely due to COVID-19 impacts. However, rates rebounded in 2022, reaching $15.35 per square foot in July 2024, higher than the Portland metro ($12.03) and I-5 South submarket ($12.99). The combination of rising rents and very low vacancy rates suggests a robust industrial market in Wilsonville, potentially attracting new development, especially speculative development.

Figure 12: Industrial & Flex Rents Trends, 2014-2024

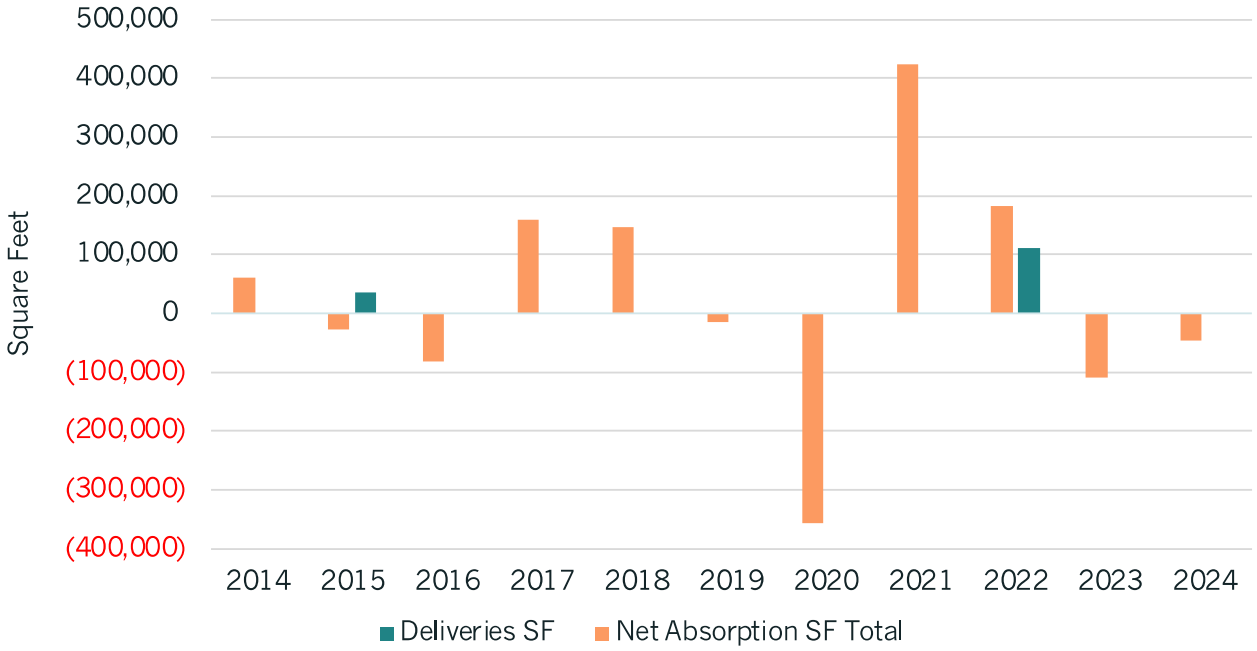


Source: CoStar, pulled August 2024

[31] Triple-net (NNN) rents are annual rents on a per-square-foot basis not including any pass-through expenses such as taxes, insurance, and any utilities or maintenance costs, which are passed on to the tenant and paid separately.

Net absorption has been generally positive for industrial properties over the past decade, with a large vacancy in 2020; however, it was followed by high positive net absorption the following year. Net absorption was negative in 2023 and through August 2024 (when data was pulled) but at a smaller magnitude than in 2020.

Figure 13: Net Absorption for Industrial & Flex Space in Wilsonville, 2014 to 2024



Source: CoStar, pulled August 2024

TYPE OF INDUSTRIAL PRODUCT BUILT SINCE 2014

Within the industrial product type, CoStar delineates the properties into a secondary type based on their use, size, and amenities to industrial users. CoStar utilizes the following definitions for the secondary types of industrial space:

- **Distribution:** Spaces used for warehousing and distribution of inventory that are typically 200,000 square feet or more, have clear heights of 28 feet, are less than 5 percent office space, and have site coverage that can be up to 40 percent.
- **Warehouse:** Buildings that are 25,000 square feet or greater, are up to 20 percent office area, have clear heights of 22 feet or greater, and have site coverage up to 50 percent.
- **Manufacturing:** Buildings that are typically 300,000 square feet or greater with an office area up to 50 percent.
- **R&D:** Flex space specifically used for research and development.
- **Flex/Other/Misc.:** A versatile building that may be used with office (corporate headquarters), research and development, mixed-use industrial and retail sales, and includes but is not limited to industrial, warehouse, and distribution uses. At least half of the rentable area of the building must be used as office space. Flex buildings typically have ceiling heights under 18 feet, with light industrial zoning. Flex buildings have also been called Incubator, Tech and Showroom buildings in markets nationwide.

Table 14 shows industrial development by submarket, or secondary market, types. Over the past 10 years, the I-5 South submarket has captured a slightly smaller share of the total market at 8.7 percent compared to its total share of 10.2 percent. The secondary market type distribution has also changed. While the I-5 South submarket contains roughly 27 percent of the total market space for R&D and warehouse space, it has captured about 35 percent of the space built in the last 10 years. Meanwhile, it captured a smaller share of manufacturing and distribution development (19 percent in the past 10 years compared to 27 percent of the total market share).

Table 14: Industrial Development Trends by Secondary Market Type, Portland Metro and I-5 South Submarket, 2014 to 2024

	ALL DEVELOPMENT		PAST 10 YEARS		I-5 CAPTURE RATES	
	METRO	I-5	METRO	I-5	ALL DEV'T	2014-2024
Distribution	49,002,646	5,677,113	16,716,663	1,222,159	11.6%	7.3%
Manufacturing	43,382,806	6,661,789	5,802,456	700,301	15.4%	12.1%
R&D	4,036,770	409,055	514,319	87,476	10.1%	17.0%
Warehouse	116,255,396	19,920,386	11,999,179	2,178,085	17.1%	18.2%
Flex/Other/Misc	156,220,367	4,831,339	24,957,511	1,053,586	3.1%	4.2%
Total	**368,897,985**	**37,499,682**	**59,990,128**	**5,241,607**	**10.2%**	**8.7%**

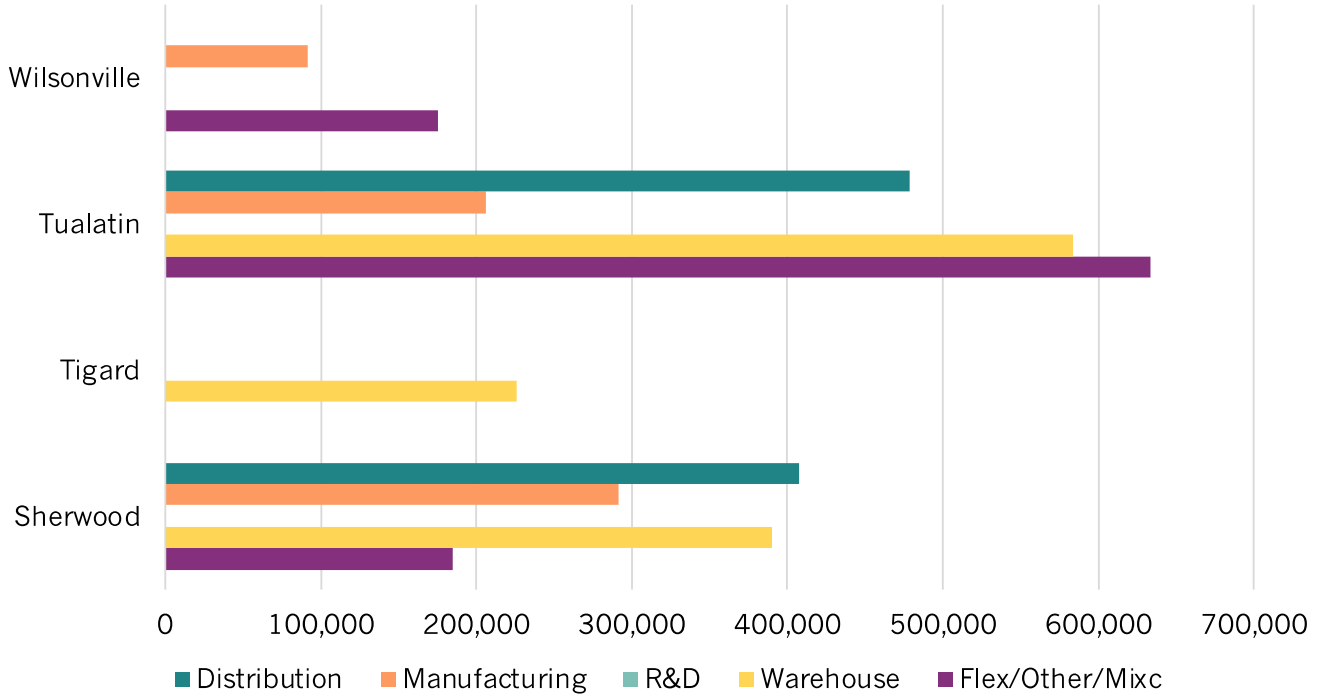
Source: CoStar, pulled August 2024

Industrial development along the I-5 South submarket has recently concentrated in Tualatin and Sherwood, with Wilsonville falling behind. This trend is likely due to Wilsonville's shortage of development-ready industrial land and large parcels, a view supported by interviews with local developers, brokers, and economic development organizations.

Many speculative industrial developers are seeking large sites, as demonstrated by recent developments in Sherwood and Tualatin on parcels exceeding 10 acres. Notable examples include the recently completed Sherwood Commerce Center on a 30+ acre site and the proposed Rock Creek industrial site development on 25 acres in Sherwood. In Tualatin, the Tualatin Sherwood Corporate Park was completed in 2022 on over 40 acres, while the Hedges Creek Industrial Park is expected to be completed in 2025 on a 20-acre site.

Local developers report that most of the industrial demand is coming from existing regional businesses rather than out-of-state companies. These local industrial users are primarily looking to expand or upgrade their current facilities within the area. Many express a desire to be outside the City of Portland and Multnomah County, citing concerns about public safety and higher rates of taxation.

Figure 14. Secondary Industrial Space Recently Built or Proposed in I-5 South Submarket by City, 2019-2026



Source: CoStar, pulled August 2024

Target Industry Assessment

Wilsonville is well positioned within the region to capture industrial growth. It has access to a strong base of employment, proximity to I-5, and connections to other growing industrial areas in Sherwood and Tualatin. This section examines industries likely to be drawn to Wilsonville, considering its strengths and competitive edge. The analysis begins by identifying common barriers to industrial development, based on local stakeholder interviews. It then reassesses strengths and weaknesses outlined in the Basalt Creek Concept Plan (BCCP), updating these factors to reflect market and employment trends over the past decade. The section concludes by summarizing how these market trends will shape Basalt Creek's development.

Barriers to Industrial Development

Stakeholders identified a number of key barriers for industrial users that prevent development. While some of these challenges are more directly applicable to Basalt Creek than others, they all represent important considerations for the City as it prepares the area for development:

- **Site Readiness:** Many sites lack the necessary transportation and utility infrastructure and preparations to immediately accommodate industrial users.
- **Power Availability:** Immediate or quick access to heavy power is currently the most significant barrier for many industrial businesses. The increasing power demands of modern industrial operations make this a crucial factor.
- **Outdated Existing Buildings:** Many existing structures do not meet the needs of modern industrial users, requiring significant renovations or complete rebuilds.
- **Lack of Intermediate Industrial Spaces:** Medium-sized industrial users (users that require 20,000 to 40,000 square feet) have limited spaces to choose from.
- **Misaligned Visions and Overly Prescriptive Zoning:** Sometimes, the landowners' or city's vision for an area does not align with the diverse needs of potential users. Discussions with local developers and brokers highlight the importance of allowing a mix of uses for better financing opportunities. This is particularly relevant for speculative development, where end users are not known at the time of entitlement and construction. Overly prescriptive zoning that designates specific uses, such as manufacturing, can be more challenging to finance because banks see risk and concern if they perceive the list of potential tenants is too small or narrow. Additionally, various types of uses tend to cluster together due to supply chain benefits. For example, manufacturers often have suppliers located nearby. Overly prescriptive zoning can disrupt this natural ecosystem by preventing clustering.
- **Fragmented Land Ownership:** Areas with multiple small parcels under different ownership can make it difficult to assemble larger sites needed for significant industrial development.

- **Incompatible Neighboring Uses:** The presence of nonindustrial uses in close proximity can preclude development out of concern for possible or future conflicts that have the potential to limit or complicate the operations of industrial businesses.
- **Requirements for Connectivity:** In some cases, required access roads can deter large industrial developers because the roads may decrease the area of developable land while adding significant cost to a speculative project. Additionally, some industrial users who prioritize confidentiality and security may be less attracted to areas with public access requirements.

Comparative & Competitive Advantage

The BCCP outlined the Basalt Creek area's advantages and challenges, many of which are still relevant. The following includes Basalt Creeks' advantages and challenges drawing from the BCCP and updating based on new information gathered as a part of this report.

STRENGTHS AND COMPETITIVE ADVANTAGES

- Centrally located in the south metro, within the urban growth boundary, and designated in the City's comprehensive plan for industrial uses.
- Large contiguous cluster of existing and planned industrial employment areas, including Wilsonville's Coffee Creek Industrial Area, and adjacent employment lands in Tualatin and Sherwood.
- Large areas of contiguous land ownership with property owners who are interested in developing or selling for redevelopment.
- Long-term growth projections for employment and population in the southwest Portland metro area.
- Excellent access to I-5, I-205, and Highway 217. Additional transportation strengths include existing and planned arterial roads as well as local and regional transit service provided by TriMet, WES Commuter Rail, and SMART.[32]
- Access to an educated workforce as part of the Metro labor shed and Mid-Valley labor shed.
- Easily accessible to other growing industrial areas, particularly in Tualatin and Sherwood.
- Planned substation development.

CHALLENGES

- Zoning needs to be in place prior to development.
- Planning, financing, and construction of new infrastructure.

[32] Existing major arterials include SW Grahams Ferry Road, SW Boones Ferry Road, and SW Day Road; the City is also planning the extension of Basalt Creek Parkway.

- Existing low employment density uses (contractor establishments and storage uses) that generate income for property owners may reduce appetite to sell for redevelopment.
- Lot sizes and property aggregation. There is a mix of large and small lots throughout Basalt Creek. The time and cost required to secure properties from multiple parties to aggregate developable industrial properties of adequate size can be a significant deterrent to developers.
- Natural features, including wetlands and slopes. Basalt Creek and its surrounding slopes and wetland areas run north-south through the study area and divide the area into east and west sections.
- Growing power demands from industrial users and uncertainty on timing and capacity of additional service.[33]

Which industries may be attracted to Basalt Creek?

Basalt Creek's long-standing vision as an industrial area aligns well with current market trends, which show strong demand for industrial space both nationally and in the Portland metro region. Stakeholders point to Wilsonville's potential to attract a diverse range of industrial businesses, including those in the semiconductor supply chain, cleantech, advanced manufacturing, and data centers.

Wilsonville's appeal to these sectors stems from its strategic location in the south metro area, access to a skilled labor force, and proximity to related industries. The semiconductor sector in particular is poised for expansion due to recent CHIPS Act investments. Similarly, cleantech industries are anticipated to see growth within the Portland metro region. The availability of large areas of contiguous land ownership in the Basalt Creek Planning Area further enhances its attractiveness to major industrial users who seek large lots for development.

It is worth noting that while the Basalt Creek Concept Plan (BCCP) originally envisioned a mix of uses—including office space associated with industrial operations, primarily in the High-Tech Employment district—current market conditions suggest that office use will likely play a smaller role than initially planned. Instead, the focus is expected to shift more toward industrial and tech-oriented developments to capitalize on emerging economic opportunities. Below are details about the potential sectors and industries that may be particularly attracted to Wilsonville:

- **Semiconductor Sector Supply Chain:** This sector includes companies involved in the design, manufacturing, and testing of semiconductor chips, as well as those providing materials, equipment, and services to chip manufacturers. Wilsonville is attractive for this industry due to its proximity to existing semiconductor clusters in

[33] ECOnorthwest has reached out to PG&E to understand how much of a challenge access to adequate power may be and is waiting to hear back. This statement may be updated after that conversation.

the Portland metro area, access to a skilled workforce, and potential for large industrial sites. Basalt Creek would likely host businesses that support the supply chain rather than producing the chips themselves.

- **Cleantech, including Battery Technology:** Cleantech encompasses renewable energy technologies, energy efficiency solutions, and sustainable manufacturing processes. Businesses in this sector include energy storage and related sustainable material technologies and a variety of alternative energy technologies and production. Battery technology, crucial for electric vehicles and energy storage, is a growing subsector that is already present in Wilsonville. Wilsonville's strategic location and potential for large industrial sites make it suitable for cleantech manufacturing and R&D facilities.
- **Advanced Manufacturing:** This sector involves the use of innovative technologies to create products. It includes robotics, 3D printing, and smart manufacturing systems. Wilsonville's access to a skilled workforce and its location near tech hubs make it attractive for advanced manufacturing operations.
- **Distribution and Logistics:** This sector involves the storage, transportation, and delivery of goods. Wilsonville's location near major transportation routes (I-5 and I-205) and its proximity to Portland make it an ideal location for distribution centers and logistics hubs.
- **Data Centers:** Data centers are facilities used to house computer systems and associated components. Wilsonville's access to available land and the potential access to reliable power sources could make it attractive for data center development.[34] The proximity to tech companies in the Portland metro area is an additional advantage.

This diverse range of potential industries positions Wilsonville to capitalize on various economic opportunities, creating a resilient industrial base in Basalt Creek.

[34] Interviews with stakeholders have suggested that Wilsonville may be attractive to data centers. ECOnorthwest has reached out to PG&E to understand if Basalt Creek has/will have access to the power necessary for this type of use and is waiting to hear back.

4. Conclusion

The Basalt Creek area in Wilsonville is strategically positioned for industrial development with the potential to attract a variety of users, from manufacturing and logistics to data centers. The area's suitability for supporting the semiconductor supply chain is underscored by recent expansions of semiconductor suppliers in nearby Sherwood. Additionally, the area could be attractive to cleantech businesses, including those involved in battery storage and alternative energy technologies.

However, realizing this potential presents several challenges. Existing contractor establishments generate sufficient income for some property owners, reducing their incentive to sell or redevelop the land for higher-intensity industrial uses. Furthermore, relocation options for these businesses may be limited, complicating redevelopment efforts. (The feasibility of redevelopment will be further explored in a subsequent separate study.)

Conversely, some developers have already assembled land, and they are ready for immediate development, eager to capitalize on the strong industrial demand seen in nearby Coffee Creek, Tualatin, and Sherwood. Stakeholders emphasized the importance of large parcels in facilitating area redevelopment, with many developers willing to fund necessary infrastructure improvements if given access to such lots. For example, Schnitzer Properties owns property east of Grahams Ferry Road, south of Basalt Creek Parkway, and north of Day Road and eagerly awaits the adoption of zoning and policy to enable industrial development in this area. They intend to submit development and annexation applications as soon as zoning and policy is in place. Their recent development in Sherwood, known as the Sherwood Commerce Center, is an example of the type of development they are envisioning for their Basalt Creek property, offering flexible spaces for various industrial users.

It is crucial for Wilsonville to carefully balance its development goals for Basalt Creek with market realities. While the City may have preferences for certain types of businesses, being overly selective could deter development altogether. This is especially significant given the current economic climate. The BCCP originally envisioned office space within each district with the highest share in its High-Tech Employment District and anticipated that this office space would be in connection with industrial users. However, nationally and regionally demand for office space has been in decline with remote and hybrid work trends continuing to impact the need for office space. While office will likely still be a part of the BCPA, it may occupy a smaller share than originally envisioned.

Nationally, there's strong demand for industrial space. But Oregon's employment growth, which has been lagging national trends since 2020, may moderate this trend locally. Developers have stated that current industrial demand in the metro area is largely driven by regional businesses seeking to expand or upgrade their facilities. If Wilsonville imposes overly burdensome or restrictive requirements on the types of industrial users it allows (such as requiring a high share of manufacturing space), it risks limiting development feasibility and driving developers and industrial users to more accommodating locations.

The City must navigate these challenges while working toward its vision for Basalt Creek: a diverse mix of industrial uses, higher employment density, high-wage jobs, an enhanced tax base, and increased community prosperity.

Next Steps

These findings are preliminary and will be refined through further analysis, stakeholder engagement, and discussions with the Planning Commission and City Council. Upcoming tasks include completing the buildable lands inventory, conducting site suitability analyses for key locations, and assessing the feasibility of redeveloping contractor establishments. All these elements will ultimately be synthesized into a comprehensive final report outlining key findings and recommendations.

Appendix B: Buildable Lands Inventory and Site Suitability Analysis

ECOnorthwest

DATE:	December 20, 2024
TO:	City of Wilsonville
FROM:	ECOnorthwest: Nicole Underwood, Bob Parker, and Barrett Lewis
SUBJECT:	WILR Phase 1: BLI and Site Suitability Analysis

The Cities of Tualatin and Wilsonville adopted the Basalt Creek Concept Plan (BCCP) in 2018 after a lengthy joint planning process. Now, in 2024-25, the City of Wilsonville is working to advance the Basalt Creek Planning Area (BCPA) beyond the concept plan to a development-ready status by designating zoning and refining infrastructure plans. However, since adoption of the BCCP, economic conditions at national, state, regional, and local levels have shifted significantly and must now be considered.

To address these evolving conditions, the City hired ECOnorthwest to conduct a market assessment and industrial lands study focused on Wilsonville's portion of the BCPA. The study began with an Economic Inventory, which reviewed current market trends and industries suitable for the area.

This memorandum addresses Task 3 in the Scope of Work: updating the **Buildable Lands Inventory (BLI)** for the BCPA and conducting a **Site Suitability Analysis** for key opportunity sites. The updated BLI reflects recent land developments, adjusted constraints, and revised capacity estimates.

The Site Suitability Analysis examines three selected "opportunity sites" within the BCPA, assessing their potential to support the target industries identified in the Economic Inventory. This analysis considers site attributes, including size, location, access, topography, constraints, and surrounding land uses. It also considers infrastructure (transportation, water, sewer, stormwater) based on available data, with the understanding that infrastructure planning may evolve as work progresses.

Land Supply

This industrial Buildable Lands Inventory (BLI) updates the 2014 BLI from the original concept plan, providing a revised assessment of the buildable land *supply* available within Wilsonville's portion of the BCPA for employment-related growth and development. The amount of land needed to accommodate anticipated growth, often referred to as *demand* for land, depends on the type of employment-related development and other factors.

This BLI update serves two purposes: 1) to provide a revised assessment for developable acres in the BCPA and 2) to identify lands that have existing economic uses but low improvement values and/or low-density employment. These uses are inconsistent with the development vision expressed in the BCCP and are sites that may have redevelopment potential.

The BCPA encompasses a total of 453 acres across 85 tax lots. Of this:

- **173 acres** are currently in active use and are considered developed.
- **129 acres** are constrained by physical or environmental factors.
- **150 acres** are considered buildable and available for development.

The BLI also provides a basis for updating employment capacity. Given the 150 acres of buildable land and the expectation of employment densities between 10 and 18.5 employees per acre, the BCPA is expected to accommodate between 1,500 and 2,780 jobs and 2.3 million and 2.9 million square feet of development. The BCCP estimated total employment capacity at about 2,500 jobs.

This section outlines the methodology used to develop the BLI and employment and built space capacities, and it presents the results for Wilsonville's portion of the BCPA. ECOnorthwest analyzed GIS data from the City of Wilsonville, Metro, and Washington County, with City staff reviewing the findings for accuracy and completeness.

Methodology

The buildable lands inventory followed a structured process to assess land status:

1. **Generate UGB "land base":** ECOnorthwest established a baseline of tax lots within Wilsonville's portion of the BCPA designated for industrial and employment uses.
2. **Classify lands by development status:** The project team categorized parcels as vacant, partially vacant, or developed.
3. **Identify constraints:** ECOnorthwest applied physical and regulatory constraints, such as wetlands and natural resource protections, to identify unbuildable portions.

4. **Verify inventory results:** City staff reviewed classifications and aerial imagery to confirm accuracy.
5. **Tabulate and map results:** The team compiled findings into tables and maps to provide a clear overview of buildable lands.

The following section summarizes the results of the industrial BLI for the BCPA, presented in tabular and map formats.

Land Base

The land base for the Buildable Lands Inventory (BLI) includes all tax lots within Wilsonville's portion of the BCPA. Table 1 provides a breakdown of the land base by Wilsonville Comprehensive Plan designation within the BCPA.

Table 1. Employment Land Base by Wilsonville Comprehensive Plan Designation, BCPA, 2024

Plan Designation	Number of Tax Lots	Percent	Total Tax Lot Acreage	Percent (Total Acreage)
Industrial	63	74%	237	52%
Undesignated	22	26%	215	48%
Total	**85**	**100%**	**453**	**100%**

Source: ECOnorthwest analysis, City of Wilsonville, Clackamas County, Washington County, Metro

Development Status Classification

Table 2 displays the total acres of tax lots, categorized based on whether land is buildable. ECOnorthwest applied a rule-based classification of vacant, partially vacant, or developed land to determine the initial development status and verified the results through reviews by City staff. These reviews incorporated local knowledge and analyses of aerial maps.

Table 2. Employment Acres by Classification and Wilsonville Comprehensive Plan Designation, BCPA, 2024

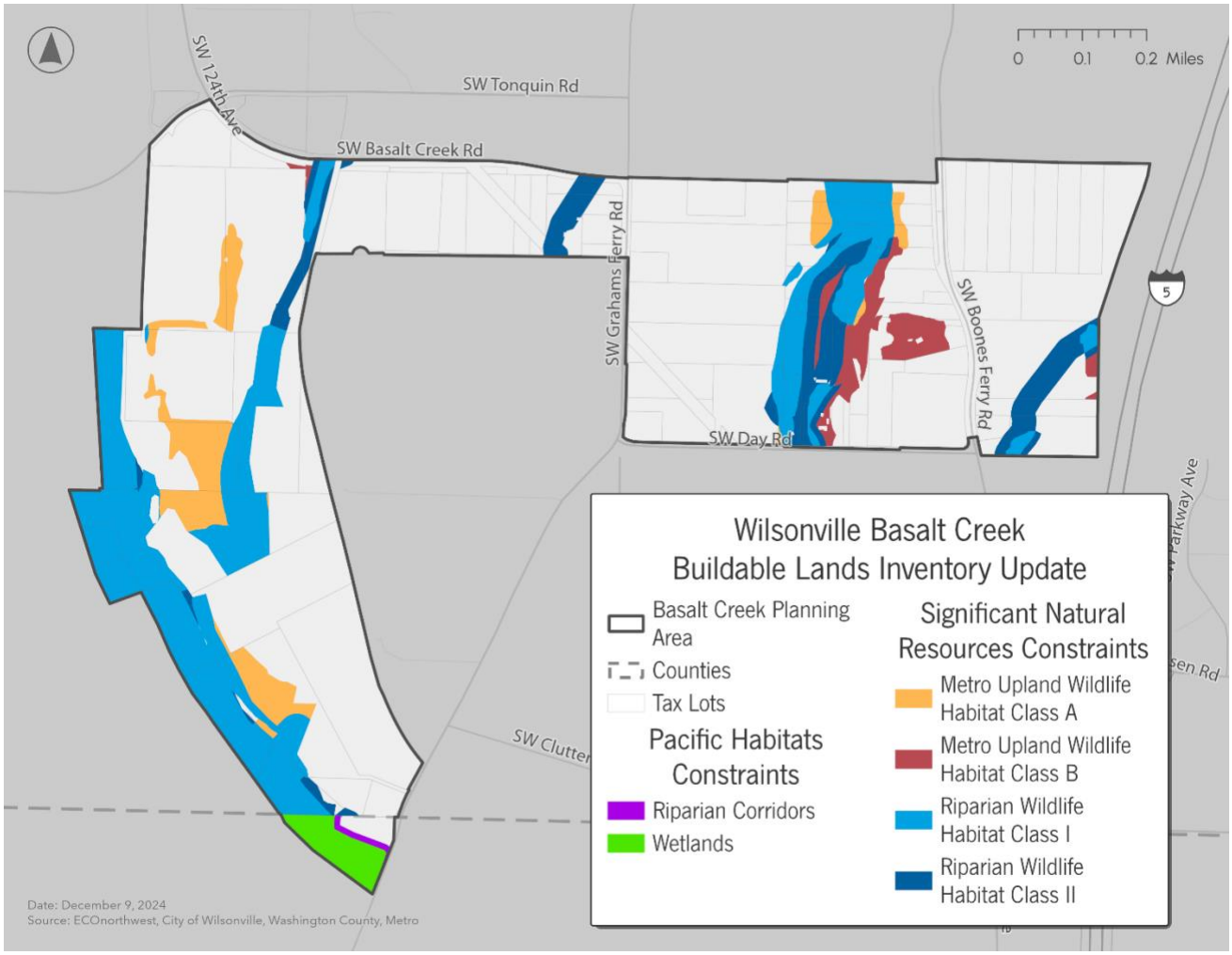
Plan Designation	Total Acres	Committed Acres	Constrained Acres	Buildable Acres
Industrial	237	63	48	127
Undesignated	215	110	81	24
Total	**453**	**173**	**129**	**150**

Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro, Pacific Habitat Services

Development Constraints

In coordination with City staff, ECOnorthwest identified physical constraints based on Washington County's Significant Natural Resources (SNR), as amended by Washington County Ordinances No. 901 and No. 902.[1] The SNR includes Metro Upland Wildlife Habitat Classes A and B, as well as Riparian Wildlife Habitat Classes I and II. For the single southern parcel located in the West Railroad area and within Clackamas County, GIS data provided by Pacific Habitat Services were used to identify physical constraints. These constraints are shown in Figure 1.

Figure 1. Development Constraints, BCPA, 2024

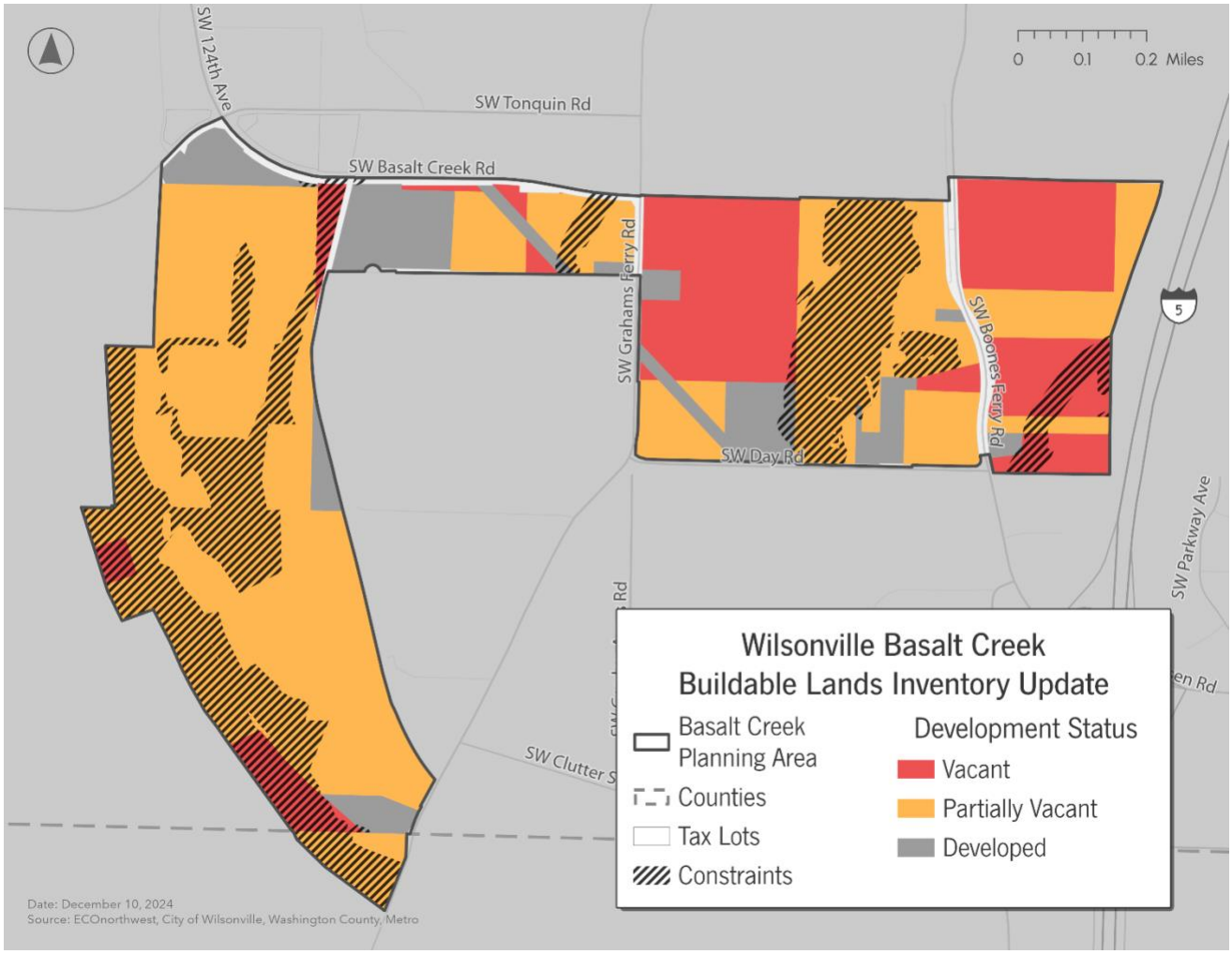


Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro, Pacific Habitat Services

[1] https://www.washingtoncountyor.gov/lut/planning/documents/ordinance-no-901a/download?inline

Figure 2 shows development status with constraints applied, resulting in buildable acres. Land classified as vacant or partially vacant and affected by these constraints is deemed unavailable for development and has been excluded from the inventory of buildable land.

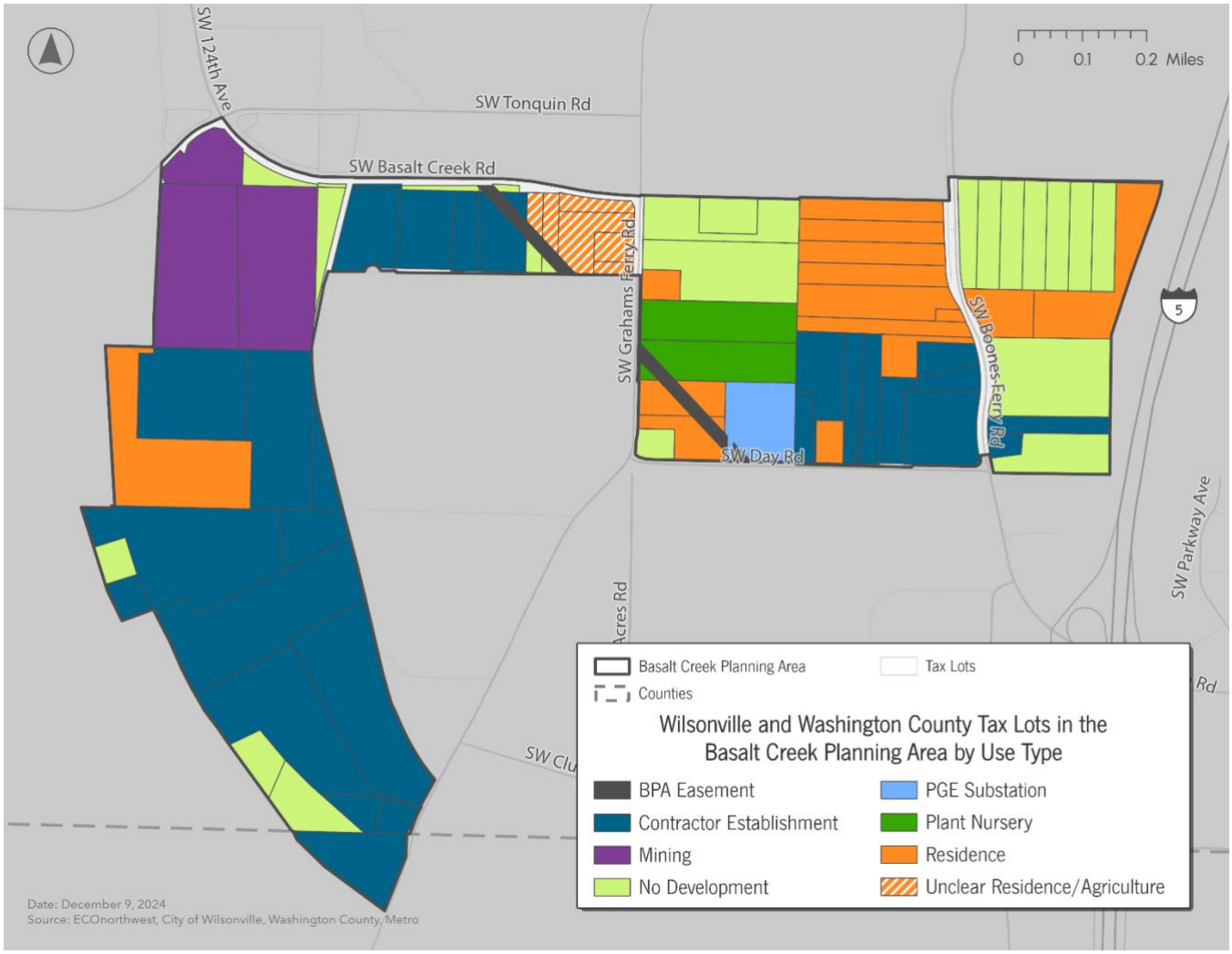
Figure 2. Development Status with Constraints, BCPA, 2024



Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro, Pacific Habitat Services

Figure 3 identifies land use categories for each site. ECOnorthwest collaborated with City staff to identify these categories through a detailed review process that combined local knowledge with aerial map analysis. Unlike basic classifications of vacant or partially vacant land, this map provides deeper insights into current land uses, offering valuable context for evaluating redevelopment potential and guiding the feasibility analysis (the results of which are shared in a separate memorandum).

Figure 3. Land Use Categories with Constraints, BCPA, 2024



Source: ECOnorthwest Analysis, City of Wilsonville, Metro

Vacant Buildable Land

The next step in the buildable lands inventory involved removing portions of vacant tax lots deemed unsuitable for development. Unsuitable areas fall into two categories:

1. Developed portions of partially vacant tax lots.
2. Areas affected by physical constraints (i.e., areas within Metro Upland Wildlife Habitat Classes A and B and Riparian Wildlife Habitat Classes I and II).

Table 3 presents the buildable acres—tax lot areas remaining after deducting these constraints—for both vacant and partially vacant land, categorized by Wilsonville's Comprehensive Plan designation. The BCPA has 150 total buildable acres available for development.

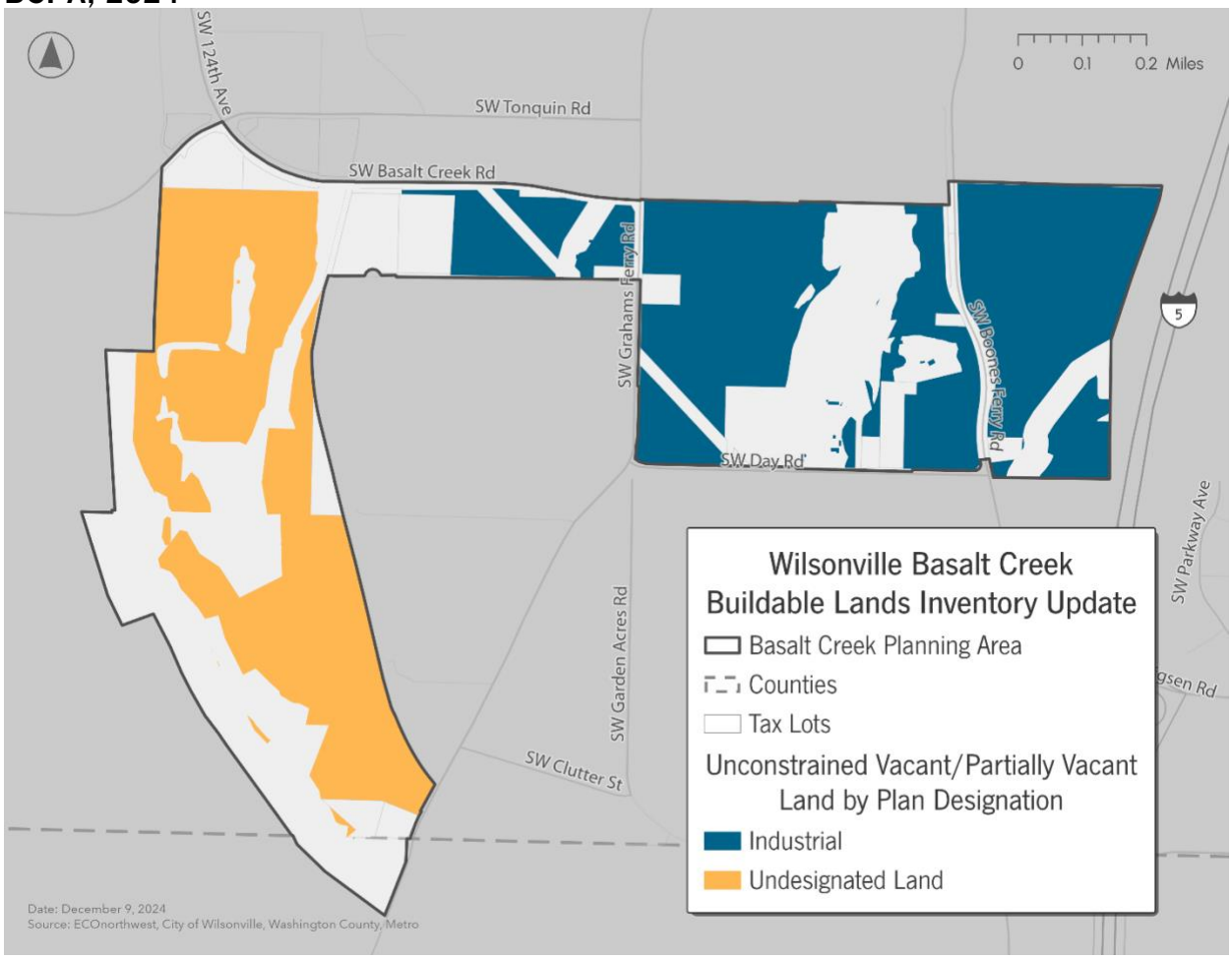
Table 3. Buildable Acres in Vacant and Partially Vacant Tax Lots by Wilsonville Comprehensive Plan Designations, BCPA, 2024

Plan Designation	Total Buildable Acres	Buildable Acres on Vacant Lots	Buildable Acres on Partially Vacant Lots
Industrial	127	87	40
Undesignated	24	0.4	23
Total	**150**	**87**	**63**

Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro

Figure 4 shows the buildable vacant and partially vacant land within the BCPA, categorized by Wilsonville Comprehensive Plan designation. It is important to note that tax lots shown as partially vacant in the map do not distinguish the part of the tax lot that is unavailable for development (or has redevelopment potential). However, the buildable lands inventory database accounts for these distinctions: the developed portions (unavailable for future development) are excluded, while the vacant portions are detailed in Table 4.

Figure 4. Buildable Employment Land by Wilsonville Comprehensive Plan Designation, BCPA, 2024



Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro, Pacific Habitat Services

Table 4 presents the size of buildable lots categorized by Wilsonville Comprehensive Plan designation across the BCPA. The planning area includes:

- Eight lots smaller than 0.5 acres, totaling 2 acres.
- Twenty-two lots between 0.5 and 2 acres, totaling 22 acres.
- Eighteen lots between 2 and 5 acres, totaling 57 acres.
- Six lots between 5 and 10 acres, totaling 46 acres.
- Two lots between 10 and 25 acres, totaling 23 acres.

Table 4. Buildable Acres and Tax Lots by Buildable Site Size by Wilsonville Comprehensive Plan Designation, BCPA, 2024

Plan Designation	Buildable Sites Size					
	0 - 0.5 Acres	0.5 - 1 Acres	1 - 2 Acres	2 - 5 Acres	5 - 10 Acres	10 - 25 Acres
Industrial	1	7	10	51	35	23
Undesignated	1	1	4	6	12	-
Acreage Total	**2**	**8**	**14**	**57**	**46**	**23**
Industrial	5	10	7	16	4	2
Undesignated	3	2	3	2	2	-
Tax Lot Total	**8**	**12**	**10**	**18**	**6**	**2**

Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro

Employment Capacity

ECOnorthwest analyzed the buildable land in Basalt Creek to update projections for potential job growth in the area. This assessment involved reviewing the capacity estimates from the BCCP and refining them using the updated land inventory of 150 buildable acres.

The analysis began with a review of research conducted by ECOnorthwest and other organizations on employment density. A common finding in such studies is the significant variability in employment density across industries, plan designations, and zoning districts. For example, an industrial zone may have employment densities ranging from 1-3 employees per acre for a warehousing facility and 10-15 employees per acre for flex spaces to densities over 25 employees per acre for office buildings.

The capacity estimates that follow are intended to provide a high-level estimate of job capacity based on the 2024 BLI update. Some factors, such as land needed for streets, would reduce capacity while others, such as higher lot coverages or multistory buildings, would increase capacity. The main utility of employment capacity estimates is in estimating

infrastructure needs. The figures that follow can be used to inform infrastructure demand estimates which can then be compared with infrastructure capacity to determine if existing and planned capacity are sufficient to accommodate expected employment densities.

Land Demand Methodology

When evaluating land and building capacity, two measures are commonly used to define the relationships between building size, floor area, and land area. These measures include:

- **Floor Area Ratio (FAR):** The ratio of a building's total square footage to the site's total square footage.
- **Employees Per Acre (EPA):** The total number of employees divided by the site size.

Basalt Creek Growth Capacity: Land Use Model Assumptions

This model builds on assumptions from the BCCP. Initially, the BCCP estimated an average of **18.5 jobs per gross acre** in Wilsonville's portion of Basalt Creek (excluding West Railroad). Key employment density estimates included:

- High-Tech Employment District: 20 jobs per gross acre.
- Craft Industrial: 22 jobs per gross acre.
- Light Industrial District: 16 jobs per gross acre.

ECOnorthwest applied the BCCP's assumption of 18.5 jobs per gross acre to model a high-density growth scenario. However, shifting market conditions—such as reduced demand for office space and increased demand for industrial and flex space (which typically have lower employment densities)—led ECOnorthwest to also model medium- and low-density growth scenarios to better reflect the potential range of employment densities in the study area. ECO also modeled different lot coverage ratios/FARs. The scenarios use lot coverages of 35 percent and 45 percent which is consistent with the assumptions used in the Task 4 redevelopment feasibility analysis of contractor establishments. The FARs of 0.35 and 0.45 reflect lot coverage ratios and the assumption that uses will be single story.

- **Low-Density Scenario:**
  - 10 employees per gross acre.
  - Lot coverage/FAR: 35 percent/0.35.
  - Reflects more traditional industrial densities and provides a more conservative estimate.
- **Medium-Density Scenario:**
  - 15 employees per gross acre.
  - Lot coverage/FAR: 45 percent/0.45.

- Assumes a greater share of office development compared to the low-density scenario, offering a more ambitious estimate.

- **High-Density Scenario (BCCP Adopted Assumption)**
  - 18.5 employees per gross acre.
  - Lot coverage/FAR: 45 percent/0.45.
  - Maintains the BCCP assumptions and envisions a greater share of office development than the other scenarios. It assumes the same lot coverage ratio which yields the same built space capacity as the medium-density scenario but with a higher number of employees occupying that space.

Results: Land Use Modeling for Basalt Creek

Table 5 outlines the results of this analysis, indicating that Wilsonville's portion of Basalt Creek has capacity for:

- **Employment:** Between 1,500 and 2,780 jobs.
- **Built Space:** Between 2.3 million and 2.9 million square feet.

These findings reflect the range of potential outcomes based on varying employment density assumptions.[2]

Table 5. Job Capacity and Built Space Capacity, Wilsonville BCPA

	Low	Medium	High
Job Capacity	1,500	2,250	2,780
Built Space Capacity (SF)	2,289,000	2,943,000	2,943,000

Source: Analysis by ECOnorthwest

[2] ECOnorthwest also analyzed the potential number of employees and built space under current density levels, estimated at approximately 5 employees per gross acre. If these existing conditions persist, the area is projected to accommodate around **750 employees** and **1.3 million square feet** of built space.

Site Suitability Analysis

The BCPA is well positioned to capture industrial growth in the South Metro region. It benefits from its strategic location with access to I-5, a robust employment base, and connections to other expanding industrial hubs in Sherwood and Tualatin. Over the summer, ECOnorthwest conducted an Economic Inventory to assess market conditions and identify industries most likely to establish a presence in Basalt Creek focusing on industrial and office uses in alignment with the BCCP vision.[3] The analysis highlighted strong national and regional demand for industrial space and identified key sectors with potential interest in the area, including the semiconductor supply chain, cleantech, advanced manufacturing, distribution and logistics, and data centers.

Although the BCCP originally envisioned a blend of industrial and office development, current market trends suggest a shift toward a greater emphasis on industrial uses. Office developments, while still anticipated, are expected to occupy a smaller footprint than initially planned.

WHICH SECTORS MAY BE ATTRACTED TO BASALT CREEK?

Below are the potential sectors that may be particularly attracted to Basalt Creek as identified in the Economic Inventory report.

- **Semiconductor Sector Supply Chain:** Companies providing materials, equipment, and services to chip manufacturers.
- **Cleantech, including Battery Technology:** Businesses involved in renewable energy technology, energy efficiency solutions, and sustainable manufacturing processes.
- **Advanced Manufacturing:** Companies using technology such as robotics, 3D printing, and computerized systems to manufacture specialized products or components.
- **Distribution and Logistics:** Storage, transportation, and delivery of goods.
- **Data Centers:** Facilities used to house computer systems and associated components.

To determine site specific competitiveness for these industries, ECOnorthwest evaluated three opportunity sites using the Mackenzie Infrastructure Finance Authority (IFA) Industrial Development Competitiveness Matrix as a foundation. Recognizing that industry requirements have evolved since the matrix's creation in 2015, the analysis incorporated updated reports and stakeholder feedback to align with current market demands. This Site Suitability Analysis assesses site characteristics such as size, location, and constraints to evaluate their ability to host target industries. While the analysis considered buildable land availability, its primary focus was on site potential, assuming redevelopment occurs. Feasibility and redevelopment likelihood of contractor establishments is addressed in a separate task.

[3] When evaluating the office market, medical office showed stronger growth than traditional office. However, ECOnorthwest did not further evaluate its potential, as it was not a use envisioned in the BCCP.

Opportunity Sites for Analysis

ECOnorthwest evaluated the following sites for their development potential (Figure 5):

- **SW Greenhill Site:** Selected for its consolidated land ownership and strong potential for near-term development, given the absence of active use.
- **Craft Industrial Area:** As a transitional area, the City seeks to assess this site's characteristics in detail to determine the most appropriate land uses. This will inform zoning designations.
- **West Railroad Site:** West Railroad lacked a defined concept in the original BCCP. To explore its potential, ECOnorthwest analyzed a portion of West Railroad, focusing on its development suitability. This will inform whether a zoning designation similar to the rest of the Basalt Creek area would be appropriate. The area also faces physical and service constraints, and the analysis evaluates whether these challenges might limit future development opportunities.

Figure 5. Opportunity Sites

Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro

Table 6 summarizes the size of unconstrained lots for the opportunity sites. Note that "unconstrained acres" here includes developed areas. In general, larger sites are more appealing to industrial users, who often seek parcels of 5 or more acres. Smaller sites, however, may require site aggregation to meet these needs. Notably, sites in SW Greenhill and West Railroad, which exceed 5 acres, could be especially attractive to developers. While all opportunity sites may require some degree of site aggregation, the Craft Industrial area faces the greatest challenge due to its relatively small lot sizes and fragmented land ownership.

Table 6. Unconstrained Acres and Tax Lots by Site Size for Opportunity Sites, BCPA, 2024

Site Suitability Area	Unconstrained Sites Size					
	0 - 0.5 Acres	0.5 - 1 Acres	1 - 2 Acres	2 - 5 Acres	5 - 10 Acres	10 - 25 Acres
Craft Industrial	-	1	5	8	-	-
SW Greenhill	-	-	-	31	-	21
West Railroad	0.3	-	3	10	19	60
Acreage Total	**0.3**	**1**	**9**	**49**	**19**	**81**
Craft Industrial	-	1	3	3	-	-
SW Greenhill	-	-	-	8	-	2
West Railroad	3	-	2	3	3	4
Tax Lot Total	**3**	**1**	**5**	**14**	**3**	**6**

Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro

Site Competitiveness Factors

The IFA Industrial Development Competitiveness Matrix includes the following factors for evaluating the competitiveness of different industries:

- Site Size
- Competitive Slope (physical slope of a parcel, which can impact its suitability for development)
- Access to Transportation and Trip Generation (Highway, Rail, and Airport Proximity)
- Access to Utility Infrastructure (Water, Sewer, Electricity, Telecommunications)
- Special Considerations

The industries evaluated in the IFA Industrial Development Competitiveness Matrix include the following, which align with the BCCP and the Economic Inventory findings, and are the focus of this analysis (the full matrix can be found in Appendix B.1):

- **Production Manufacturing:**
  - High-Tech/Cleantech Manufacturing
- **Value-Added Manufacturing and Assembly:**
  - Food Processing
  - Advanced Manufacturing and Assembly
- **Light/Flex Industrial:**
  - General Manufacturing
  - Industrial Business Parks and R&D Campuses
  - Business Services
- **Warehousing and Distribution**
  - Regional Warehouse/Distribution
  - Local Warehouse/Distribution
- **Specialized Uses:**
  - Data Centers

Industry-Specific Considerations

Recent growth in the semiconductor and cleantech sectors has prompted additional research to understand the evolving needs of these industries. To support this, the Oregon Legislature established the Oregon Semiconductor Task Force to identify industry needs and opportunities. Similarly, Business Oregon supported the creation of the Oregon Cleantech Competitiveness Assessment Report to evaluate the needs and prospects for cleantech industries. Key findings related to site-specific requirements from these initiatives are outlined below.

SEMICONDUCTOR SECTOR

The semiconductor industry offers Oregon a prime opportunity to expand advanced manufacturing, grow its traded sector, and create high-quality jobs. The $52 billion CHIPS Act, passed in July 2022, accelerates efforts to boost domestic semiconductor production by allocating $40 billion for manufacturing and $10 billion for research over five years.

The Metro region hosts a robust semiconductor cluster centered in Hillsboro. There has also been some semiconductor activity south of Hillsboro, including LAM Research in Sherwood and Tualatin, bolstering the supply chain presence in the South Metro. This established network positions the region to attract additional semiconductor-related investments.

The Semiconductor Task Force's Industrial Lands Subcommittee identified key site characteristics most important for the semiconductor industry:

- **Workforce Availability and Talent Proximity.** Access to skilled workers—engineers, technicians, and operators—is essential. Semiconductor clusters thrive where workers can easily transition between companies, creating a dynamic employment ecosystem. Workforce access is critical for both fabrication plants and supply chain operations.
- **Parcel Size and Usage.** Parcel size varies by operational needs. Fabrication plants require ***50–100 acres*** to accommodate clean rooms and infrastructure, with large-scale R&D and production facilities needing ***500+ acres***. Supply chain operations, such as equipment and material suppliers, generally need smaller parcels of ***15–35 acres***.
- **Infrastructure Readiness.** Reliable access to ***transportation, water, electricity, and wastewater systems*** is crucial. Semiconductor companies prioritize sites with infrastructure ready to support development within ***6 months to 3 years***.
- **Clustering with R&D Partners and Suppliers.** Collaboration with suppliers and R&D partners is vital. Fabrication plants benefit from proximity to suppliers for quick equipment maintenance and research. Supply chain operations also thrive in clusters, connecting with customers and transport hubs.
- **Environmental and Regulatory Considerations:** Predictable permitting processes are essential to avoid delays. While environmental regulations remain important, fast-tracked approvals are necessary to match the industry's pace.

SITE COMPETITIVENESS FOR THE CLEANTECH SECTOR

Oregon is well positioned to capitalize on the growth of cleantech industries, driven by federal initiatives like the Inflation Reduction Act and an increasing focus on sustainability. Cleantech encompasses a range of technologies, including renewable energy, energy-efficient materials, water technologies, and recycling systems. While the IFA Industrial Development Competitiveness Matrix provides general site characteristics for cleantech, the Oregon Cleantech Competitiveness Assessment Report—developed for Business Oregon—offers more detailed site selection criteria specific to established and emerging cleantech industries within the state. Key site characteristics for these subsectors are summarized below (a complete matrix is available in Appendix B.2). Scalability is essential for many users, as industries often begin on smaller sites but require the flexibility to expand as they grow.

- **Battery Storage:** These systems store renewable energy for later use, enhancing grid stability and reliability. Technologies range from lithium-ion to flow batteries, used in applications from small urban microgrids (0-5 acres) to large grid-scale facilities (25+ acres). Electrical system proximity and access for power generation facilities may vary, depending on the scale and intended use. Microgrid systems may only need connection to the local electrical grid, while large-scale grid storage may require connection to regional transmission lines or substations. Zoning flexibility for

energy uses is critical, while water needs and transportation access are generally less significant.

- **Mass Timber:** Engineered wood products like cross-laminated timber (CLT) and glued laminated timber (GLT) serve as sustainable alternatives to steel and concrete. Production facilities need medium to large sites (5-25+ acres), reliable transportation (particularly to arterial roads and railways) for raw materials, and substantial power supply.
- **Ag-Tech:** This sector integrates advanced technologies like AI, Internet of Things (IoT), agrivoltaics, and drones to optimize agriculture. Ag-tech operations, in this sense, are generally assumed to focus on software and small-scale equipment products, generally collaborating with large existing farms for R&D. These businesses typically require small sites (0-5 acres) with low transportation, water, and power demands.
- **Circular Economy:** This sector focuses on recycling and resource reuse, supporting waste-reduction and material-recovery technologies. Businesses range from R&D to recycling and upcycling facilities. Typically, these operations require small to medium-sized sites (0-25 acres), though the specific site needs depend on the types of raw materials and finished products, as well as the scalability of the industry. Good transportation access—especially to arterial roads and potentially railways—is important, along with moderate water and power requirements and flexible zoning options.
- **Solar and Wind Energy Production:** This sector encompasses both energy production and manufacturing. Manufacturing facilities share site requirements with advanced manufacturing industries, while energy production facilities vary significantly in scale. These range from small rooftop installations to large-scale farms, which require proximity to transmission lines and substations. The electrical system needs depend on the scale and purpose of the facility—microgrid systems may only require a connection to the local grid, while large-scale grid storage typically necessitates access to regional transmission lines or substations. Transportation access requirements also vary, but wind turbine manufacturing often requires rail access due to the size of components.
- **Water Technologies:** This sector focuses on addressing water scarcity and quality through innovations such as AI-driven leak detection, wastewater recycling, and desalination. It often involves both R&D and production facilities. These businesses typically require small to medium-sized sites (0-25 acres) with access to high-pressure water systems and significant power capacity, while having relatively low transportation needs.
- **Building Energy Technologies:** This sector focuses on innovations that improve energy efficiency, including smart HVAC systems and energy-efficient lighting to reduce building energy use. R&D and software development facilities in this space

typically require small sites (0-5 acres) with moderate to high electrical needs, while having low transportation and water requirements.

- **Electric Vehicle (EV) Infrastructure Technologies:** Supporting the adoption of EVs through charging networks and technology development, this sector generally requires medium to large sites (5-25+ acres) with high electrical power demands and good access to transportation networks.

Opportunity Site Characteristics

The market analysis revealed that Basalt Creek is well suited for various industrial uses, including light industrial, flex space, warehousing, distribution, advanced manufacturing, and support for cleantech and semiconductor sectors. These industries have specific site requirements. To assess how the three opportunity sites could accommodate different sectors, ECOnorthwest analyzed each site's characteristics and evaluated them against the competitiveness matrix and additional criteria specific to cleantech and semiconductor industries.

Table 7 outlines the physical characteristics of the three sites under analysis.

Table 7. Physical Characteristics of Opportunity Sites

SITE CHARACTERISTIC	SW GREENHILL	CRAFT INDUSTRIAL	WEST RAILROAD
Site Size and Ownership	♦ 57 acres ♦ 10 tax lots ♦ 2 owners (1 owns 42 acres, 1 owns 14 acres)	♦ 32 acres ♦ 7 tax lots ♦ 7 owners (fairly even site size distribution)	♦ 165 acres ♦ 15 tax lots ♦ 8 owners (1 owns 65 acres, 4 own ~20 acres each, 3 own smaller parcels)
Slope	Slopes of 10% or greater cover about 6 acres, or 11% of the total site area.	♦ Slopes of 10% or greater cover about 15 acres, or 46% of the total site area. These slopes are generally in the middle of the site, bordering Basalt Creek.	♦ Slopes of 10% or greater cover about 34 acres, or 20% of the total site area. However, some of these slopes are from activities on the sites and not physical attributes.
Surrounding Uses	♦ North: Planned for medium-low density residential and neighborhood commercial (Tualatin portion of BCPA) ♦ East: BCPA border and I-5 ♦ South: Undeveloped land, contractor establishment (planned High-Tech Employment District) ♦ West: Craft Industrial Opportunity Site	♦ North: Planned for (and under development) low-density residential (Tualatin portion of BCPA) ♦ East: SW Greenhill Opportunity Site (planned High-Tech Employment District) ♦ South: Contractor establishments, single residential property (planned High-Tech Employment District) ♦ West: Contractor establishments, plant nurseries, and undeveloped land (planned Light Industrial District)	♦ North: Adjacent to mining site ♦ East: Coffee Creek Correctional Facility and Coffee Creek Industrial area ♦ West: Coffee Creek provides a natural buffer ♦ South: Undeveloped land in Clackamas County
Constraints	♦ 52 unconstrained acres (91% of total area) ♦ Minimal constraints running along the eastern boundary	♦ 14 unconstrained acres (42% of total area); 9 of these acres are east of the constraints that dominate the central area; the remaining 5 acres occupy the northwest corner ♦ Constraints dominate the central north-south area	♦ 92 unconstrained acres (56% of total area) ♦ Constraints run along the entire western boundary and central northern half

Table 8 outlines the existing and planned utilities on the opportunity sites. Details on water, sewer, and roads were provided by City staff based on the most current local access maps from DKS. Final infrastructure alignment and capacity are still in the planning stages.

Table 8. Infrastructure and Utility Characteristics of Opportunity Sites

SITE CHARACTERISTIC	SW GREENHILL	CRAFT INDUSTRIAL	WEST RAILROAD
Water: Potable water delivery to BCPA requires Basalt Creek Parkway extension, Zone C booster station, and may require SW Grahams Ferry Rd extension. These systems will connect SW Tooze Rd to SW Day Rd – 10,200 LF 18" diameter pipe and 4,670 LF 12" diameter pipe. *Modeling needs to confirm these requirements.*	**Current:** No existing water lines in area. **Planned:** Requires water main along SW Boones Ferry Rd alignment (2,490 LF). Water lines assumed to generally follow local road layout (5,460 LF). Will connect proposed water lines to existing lines on SW Pioneer Ct and SW Day Rd. *Sizes to be confirmed during modeling.*	**Current:** No existing water lines in area. **Planned:** Assumed to utilize proposed water main along SW Boones Ferry Rd. *Sizes to be confirmed during modeling.*	**Current:** No existing water lines in area. **Planned:** Water lines assumed to follow road layout from SW Grahams Ferry to SW Tonquin Rd (6,900 LF). *Sizes to be confirmed during modeling.*
Roads	**Current:** Existing SW Boones Ferry Rd, SW Greenhill Rd **Planned:** New arterial to I-5 from SW Greenhill Rd (300 LF). New arterial from SW Day Rd to I-5 (1,060 LF). New local roads looping SW Greenhill Rd to SW Boones Ferry Rd (3,350 LF) and connecting to SW Pioneer Ct (2,110 LF).	**Current:** Existing SW Boones Ferry Rd. **Planned:** New local road looping SW Day Rd to SW Boones Ferry Rd (1,900 LF). Assumed to utilize SW Boones Ferry Rd.	**Current:** Existing SW Grahams Ferry Rd to south and SW Tonquin Rd to north. **Planned:** New local road connecting SW Grahams Ferry Rd to SW Tonquin Rd (6,900 LF) with a possible connection to SW Morgan Rd (2,570 LF).
Sewer: Wastewater collection for BCPA requires completion of Coffee Creek Interceptor Phase 2 – 2,000 LF of gravity system upsizing to 21" diameter pipe from SW Boeckman Rd along railroad to SW Ridder Rd. This also requires Coffee Creek Interceptor Railroad Crossing – 160 LF of 21" diameter pipe.	**Current:** No existing sewer lines in area. **Planned:** Gravity collection lines flow generally south and west along proposed road layout (5,460 LF). Requires new collection line along SW Day Rd (1,600 LF) and new line to travel south between SW Day Rd to connect to SW Garden Acres Rd just north of SW Ridder Rd (3,700 LF). *10-12" diameter collection lines are anticipated.*	**Current:** No existing sewer lines in area. **Planned:** Assumed to utilize proposed line along SW Boones Ferry Rd.	**Current**: No existing sewer lines in area. **Planned:** Gravity line flows from SW Clay St west, crosses railroad, and meets proposed local street alignment in West Railroad to SW Grahams Ferry Rd (6,900 LF). Lift station is required with pressure main along SW Grahams Ferry to SW Clutter St (380 LF) before returning to gravity along SW Clutter St to SW Garden Acres Rd (1,430 LF). *A 10" diameter pipe is anticipated for gravity lines.*
Natural Gas	The IFA matrix does not identify natural gas as a requirement for industries most likely to locate in the BCCP. Natural gas did not come up as a barrier for industrial development in interviews.		
Electricity	Discussions with PGE indicate that the area can accommodate industrial users with moderate power needs. However, large power users such as a data center may require infrastructure upgrades. These types of upgrades can take 3+ years.		
Telecommunication	Since the BCPA is located within the Metro, telecommunication service is expected to be adequate to meet the needs of likely users. Telecommunication capacity did not come up as a barrier for industrial development in interviews.		

Location in the overall region and access to highways, rail, other like businesses, and labor force also play a role in site selection for industries. Given the proximity of these sites within a very small area, we detail these overall characteristics for the BCPA rather than for each site (Table 9).

Table 9. Basalt Creek Transportation and Proximity Characteristics

SITE CHARACTERISTIC	BASALT CREEK EVALUATION
Available Trips	♦ The BCCP allocated 951 trips to Wilsonville's portion of Basalt Creek. The TRP identifies the necessary improvements to accommodate those trips. Additional development and trips would require an update to the TRP and additional capacity improvements to the planned system.
Transportation Access to Interstate or Principal Arterial	♦ The entirety of Basalt Creek is within 5 miles of access to I-5 and I-205 and is less than 10 miles from Highway 217.
Proximity to Regional Infrastructure Rail/Port/Airport	♦ Basalt Creek is ~27 miles from Portland International Airport and ~26 miles from the Port of Portland. ♦ A rail line runs through Basalt Creek. The type of rail line and potential for spurs are not known at this point.
Proximity to Labor Force	♦ Access to the broader Portland Metro and Mid-Valley labor forces.
Proximity to Goods	♦ Close proximity to wine region and agricultural land. ♦ Close proximity to distributors, other manufacturers, and tech hubs, including semiconductor businesses.

Evaluation of Compatible Uses

The suitability of potential users for each site is outlined below, based on site characteristics and industry-specific needs. This high-level evaluation focuses on physical site characteristics—such as size, location, and constraints—without factoring in the likelihood of redevelopment. It provides a broad understanding of site benefits, barriers, and potential industry suitability, serving as a foundation for planning and zoning rather than a definitive assessment of building configurations or sizes.

Infrastructure will be pivotal in shaping the types of industries and scale of development suitable for the area. This analysis incorporated available information on infrastructure elements such as water, wastewater, and roads; however, detailed system capacities, final road alignments, and the timing of improvements—particularly in areas like West Railroad—remain uncertain. These factors will play a significant role in determining site suitability.

Water and wastewater systems are expected to meet most demands, though high-water users may require additional capacity. Similarly, industries with significant electricity demands might necessitate infrastructure upgrades. Road alignments will impact parcel configurations, building sizes, and overall development potential. While these elements are critical to understanding site suitability, they are not yet classified as definitive constraints or advantages.

- **The SW Greenhill** site spans 57 acres, with 91 percent (52 acres) of the land unconstrained. Minimal slopes (affecting 11 percent of the site), a high proportion of undeveloped land, consolidated land ownership (two property owners), and proximity to existing infrastructure make it one of the most development-ready locations in Basalt Creek. The site could be physically suitable for a high-tech supply chain, cleantech industries, advanced manufacturing, food processing, small warehousing and distribution, and industrial business parks or R&D campuses. Its proximity to transportation networks and regional workforce access further enhances its competitiveness.
- **The Craft Industrial** area is split into eastern and western portions by site constraints and consists of seven tax lots with fragmented ownership, most under five acres. Only 14 acres are unconstrained, and its proximity to residential areas limits its suitability for high-intensity industrial uses. Instead, the area aligns with the Basalt Creek Concept Plan's vision for small-scale or micro-industrial uses, such as live-work spaces or makerspaces.

  With site aggregation, the southeastern portion could accommodate small-scale industrial or office users on up to five acres. These uses could resemble industrial condo developments like the Commerce Circle Business Park or Riverwood Business Center, which integrate office and small-scale production spaces. The northeastern portion, while it could also redevelop, is likely less appealing due to its irregular shape and nearby high-value residences. The presence of existing residences,

including some high-value homes, are likely to delay redevelopment timelines compared to other opportunity sites. However, the feasibility of redeveloping these residential properties was not assessed as a part of this study.

- **The West Railroad** site spans 165 acres, with 56 percent (92 acres) of the land unconstrained. Its large parcels and access to regional transportation networks could make it physically suitable for uses such as general manufacturing, food processing, and small to midsized warehousing or distribution. Proximity to Coffee Creek's industrial area further enhances its appeal to businesses providing support services to neighboring industries. However, significant infrastructure upgrades are required, and access is limited by the railroad undercrossing on SW Grahams Ferry Road. Additionally, the site's proximity to a rail line and a mining operation could make the site less attractive to advanced manufacturing or other industries sensitive to vibration. Ongoing infrastructure alignment and capacity studies will provide further clarity on the site's suitability for targeted industries.

In Table 10, the compatibility of each site with various industrial uses is color coded as follows:

- Red: Not competitive for the industry
- Yellow: Moderate potential
- Green: High compatibility and strong suitability

Table 10. Evaluation of Compatible Uses Based on Site Characteristics

INDUSTRIES		SW GREENHILL	CRAFT INDUSTRIAL	WEST RAILROAD
Production Manufacturing	High-Tech / Cleantech Manufacturing	Midsized, flat site; high power or utility demands could exclude some users depending on system capacity	May be able to accommodate a small user (under 5 acres) most likely on the southeastern portion; some users may prefer larger sites with expansion potential	Vibration *may* be a concern from nearby rail and/or mining; high power or utility demands could exclude some users depending on system capacity
Value-Added Manufacturing and Assembly	Food Processing	Water and sewer needs are high; high demands could exclude some users depending on system capacity	May be able to accommodate a small user (under 5 acres) most likely on the southeastern portion	Water and sewer needs are high; high demands could exclude some users depending on system capacity
	Advanced Manufacturing & Assembly	Midsized, flat site; lower water and sewer demand than high-tech industries	Site small and constrained; increased setbacks (if required) could be a problem; often requires on-site utility service areas	Vibration *may* be a concern from nearby rail and/or mining

INDUSTRIES		SW GREENHILL	CRAFT INDUSTRIAL	WEST RAILROAD
Light / Flex Industrial	General Manufacturing	Residential proximity may reduce appeal	Site small and constrained; residential proximity may reduce appeal	Desirable site size available; distance from sensitive uses (residential, park)
	Industrial Business Park and R&D Campus	Midsized, flat site; slightly small for some users	Site small and constrained	Constraints may limit large park potential
	Business / Admin Services	Midsized, flat site; high trip generation	May be able to accommodate a small user (under 5 acres) most likely on the southeastern portion; tolerates higher slopes; compatible near residential; high trip generation	Proximity to Coffee Creek Industrial area that hosts similar services is attractive; tolerates higher slopes; high trip generation
Warehouse & Distribution	Regional	Close to I-5; existing road infrastructure; site may be a little small for some users	Site too small and constrained; limited space for trucks	Constraints could limit large distribution centers; the City is evaluating needed improvement to better accommodate truck traffic
	Local	Close to I-5; existing road infrastructure; suitable for smaller users	Site too small and constrained; limited space for trucks	Close to I-5; suitable for smaller users; the City is evaluating needed improvement to better accommodate truck traffic
Specialized	Data Center	May be suitable, but power needs could exceed available capacity, requiring upgrades	Site too small and constrained	May be suitable, but power needs could exceed available capacity, requiring upgrades

Site Competitiveness for Semiconductor Industry

Basalt Creek lacks the large parcels required for fabrication plants but is positioned to accommodate supply chain businesses that support semiconductor manufacturing.

- **SW Greenhill:** High Potential – Could be competitive for the semiconductor supply chain businesses. This site is closest to development ready, which is highly competitive because semiconductor companies prioritize sites with infrastructure ready to support development within *6 months to 3 years.*
- **Craft Industrial:** Not Competitive – Given the small parcels on the Craft Industrial site, this site is not competitive for the semiconductor supply chain businesses.

- **West Railroad:** Moderate Potential – The longer timeline required to provide adequate infrastructure, combined with existing constraints, makes this site less attractive for the semiconductor industry.

Site Competitiveness for Cleantech

- **Craft Industrial:** Moderate Potential – Given the small parcels and extent of constraints, this site is not competitive for many cleantech businesses but may be attractive to small-scale users in ag-tech and building energy tech that require sites under 5 acres.

Table 11. Cleantech Evaluation of Compatible Uses for Craft Industrial

Battery Storage	Existing businesses add appeal, but energy demands may exceed supply; site size may be too small for many users
Mass Timber	Limited by small site size, lack of direct rail access, and high energy requirements
Ag-Tech	Site may be suitable for a small user
Circular Economy	Some users may prefer direct rail access; site may be too small for some users
Solar & Wind Energy	Small site; unsuitable for power generation and manufacturing
Water Tech	High demand user; water pressure adequacy and energy needs may pose challenges; site may be too small for some users
Building Energy Tech	Site may be suitable for a smaller user; energy demands could exceed supply
EV infrastructure Tech	Limited site size, lack of rail access, and high energy requirements

- **SW Greenhill and West Railroad:** High Potential – Site size and infrastructure could appeal to a variety of cleantech subsectors, including battery storage, ag-tech, circular economy, water tech, and building energy tech.

Table 12. Cleantech Evaluation of Compatible Uses

Battery Storage	Existing businesses add appeal, but energy demands may exceed supply
Mass Timber	Limited by lack of direct rail access and high energy requirements
Ag-Tech	Sites meet needs well
Circular Economy	High transportation needs: some facilities may prefer direct rail access
Solar & Wind Energy	Unsuitable for power generation; possible for manufacturing but limited by rail and power needs
Water Tech	High demand user; water pressure adequacy and energy needs may pose challenges; low transportation needs
Building Energy Tech	Sites meet needs well; energy demands could exceed supply
EV infrastructure Tech	Limited by lack of rail access and high power requirements

Conclusion

Land Supply

The BCPA offers a promising opportunity to support a diverse range of industrial and employment uses that align with Wilsonville's economic development goals. Since the previous Buildable Lands Inventory (BLI) update, the area has experienced growth in contractor establishments. The updated BLI identifies **150 acres of buildable land,** comprising **87 acres of vacant land** and **63 acres of partially vacant land,** after accounting for constraints and existing development. The supply is distributed across parcels of varying sizes, ranging from small lots under 5 acres to larger parcels exceeding 25 acres, providing a mix of options suitable for different industry needs. Given the 150 acres of buildable land and the expectation of employment densities between 10 and 18.5 employees per acre, the BCPA is expected to accommodate between **1,500 and 2,780 jobs**.

Site Suitability Analysis

The Site Suitability Analysis evaluates the competitiveness of three opportunity sites within the BCPA based on their ability to host key industries identified in the Economic Inventory. This evaluation focuses on physical site characteristics, such as size, location, and constraints, rather than the likelihood of redevelopment. Redevelopment feasibility is addressed in a separate deliverable.

- **SW Greenhill:** With its minimal constraints, lack of development, consolidated land ownership, and existing infrastructure, this site could be physically suited for cleantech, high-tech supply chains, advanced manufacturing industries, food processing, small warehousing and distribution, and industrial business parks or R&D campuses requiring medium-sized parcels. This validates the uses originally envisioned in the BCCP for the area.
- **Craft Industrial:** Due to significant constraints, the site is currently more suitable for micro-industrial uses, such as live-work spaces, as originally identified in the BCCP. However, with site aggregation, the southeastern portion could accommodate small-scale business or administrative services and production uses, similar to industrial condo developments like Commerce Circle Business Park or Riverwood Business Center. The presence of existing residences, including some high-value homes, are likely to delay redevelopment timelines compared to other opportunity sites.
- **West Railroad:** This site has potential for development in general manufacturing, food processing, warehousing and distribution, and business services. However, significant infrastructure upgrades are required, and existing constraints may limit the scale of some types of development.

Next Steps

The findings presented in this memorandum are preliminary and will be further refined through ongoing discussions with the Planning Commission and City Council. This analysis is being conducted in parallel with an evaluation of redevelopment feasibility for contractor establishments. Ultimately, these components, along with insights from the Economic Inventory, will be synthesized into a summary report that outlines key findings and recommendations.

Appendix B.1 IFA Industrial Development Competitiveness Matrix

ECOnorthwest

STATE OF OREGON - Infrastructure Finance Authority
Industrial Development Competitiveness Matrix

Infrastructure Finance Authority

	CRITERIA / PROFILE		Production Manufacturing		Value-Added Manufacturing and Assembly		Light / Flex Industrial			Warehousing & Distribuiton		Specialized		
			A	B	C	D	E	F	G	I	H	J	K	L
			Heavy Industrial / Manufacturing	High-Tech / Clean-Tech Manufacturing	Food Processing	Advanced Manufacturing & Assembly	General Manufacturing	Industrial Business Park and R&D Campus	Business / Admin Services	Regional Warehouse / Distribution	Local Warehouse / Distribution	UVA Manufacturing / Research	Data Center	Rural Industrial
1	**GENERAL REQUIREMENTS**		Use is permitted outright, located in UGB or equivalent and outside flood plain; and site (NCDA) does not contain contaminants, wetlands, protected species, or cultural resources or has mitigation plan(s) that can be implemented in 180 days or less.											
	PHYSICAL SITE													
2	TOTAL SITE SIZE**	Competitive Acreage*	10 - 100+	5 - 100+	5 - 25+	5 - 25+	5 - 15+	20 - 100+	5 - 15+	20 - 100+	10 - 25+	10 - 25+	10 - 25+	5 - 25+
3	COMPETITIVE SLOPE:	Maximum Slope	0 to 5%	0 to 5%	0 to 5%	0 to 7%	0 to 5%	0 to 7%	0 to 12%	0 to 5%	0 to 5%	0 to 7%	0 to 7%	0 to 5%
	TRANSPORTATION													
5	TRIP GENERATION:	Average Daily Trips per Acre	40 to 60 (ADT / acre)	40 to 60 (ADT / acre)	50 to 60 (ADT / acre)	40 to 60 (ADT / acre)	40 to 50 (ADT / acre)	60 to 150 (ADT / acre)	170 to 180 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	20 to 30 (ADT / acre)	40 to 50 (ADT / acre)
6	MILES TO INTERSTATE OR OTHER PRINCIPAL ARTERIAL:	Miles	w/ in 10	w/ in 10	w/ in 30	w/ in 15	w/ in 20	N/A	N/A	w/ in 5 (only interstate or equivalent)	w/ in 5 (only interstate or equivalent)	N/A	w/ in 30	N/A
7	RAILROAD ACCESS:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Avoid	N/A
8	PROXIMITY TO MARINE PORT:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Not Required	N/A
9	PROXIMITY TO REGIONAL COMMERCIAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Required	Preferred	Preferred	Preferred	Preferred	Competitive	N/A
		Distance (Miles)	w/ in 60	w/ in 60	w/ in 60	w/ in 30	w/ in 60	w/ in 30	w/ in 60	w/ in 60	w/ in 60	w/ in 30	w/ in 60	N/A
10	PROXIMITY TO INTERNATIONAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Competitive	Preferred	Preferred	Preferred	Competitive	Preferred	N/A
		Distance (Miles)	w/ in 300	w/ in 300	w/ in 300	w/ in 100	w/ in 300	w/ in 100	w/ in 300	w/ in 300	w/ in 300	w/ in 100	w/ in 300	N/A
	UTILITIES													
11	WATER:	Min. Line Size (Inches/Dmtr)	8" - 12"	12" - 16"	12" - 16"	8" - 12"	6" - 10"	8" - 12"	4" - 6"	4" - 8"	4" - 6"	4" - 8"	16"	4" - 8"
		Min. Fire Line Size (Inches/Dmtr)	10" - 12"	12" - 18"	10" - 12"	10" - 12"	8" - 10"	8" - 12"	6" - 10"	10" - 12"	6" - 8"	6" - 10"	10"-12"	6" (or alternate source)
		High Pressure Water Dependency	Preferred	Required	Required	Preferred	Not Required	Preferred	Not Required	Not Required	Not Required	Not Required	Required	Not Required
		Flow Gallons per Day per Acre)	1600 (GPD / Acre)	5200 (GPD / Acre)	3150 (GPD / Acre)	2700 (GPD / Acre)	1850 (GPD / Acre)	2450 (GPD / Acre)	1600 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1600 (GPD / Acre)	50-200 (Gallons per MWh) †	1200 (GPD / Acre)
12	SEWER:	Min. Service Line Size (Inches/Dmtr)	6" - 8"	12" - 18"	10" - 12"	10" - 12"	6" - 8"	10" - 12"	6" - 8"	4"	4"	6"	8"-10"	4" - 6" (or on-site source)
		Flow (Gallons per Day per Acre)	1500 (GPD / Acre)	4700 (GPD / Acre)	2600 (GPD / Acre)	2500 (GPD / Acre)	1700 (GPD / Acre)	2000 (GPD / Acre)	1600 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1300 (GPD / Acre)	1000 (GPD / Acre) ‡	1000 (GPD / Acre)

13	NATURAL GAS:	Preferred Min. Service Line Size (Inches/Dmtr)	4" - 6"	6"	4"	6"	4"	6"	2"	2"	2"	2"	4"	N/A
		On Site	Competitive	Competitive	Preferred	Competitive	Competitive	Competitive	Preferred	Preferred	Preferred	Preferred	Preferred	Preferred
14	ELECTRICITY:	Minimum Service Demand	2 MW	4-6 MW	2-6 MW	1 MW	0.5 MW	0.5 MW	0.5 MW	1 MW	1 MW	0.5 MW	5-25 MW	1 MW
		Close Proximity to Substation	Competitive	Competitive	Not Required	Competitive	Preferred	Competitive	Preferred	Not Required	Not Required	Not Required	Required, could be on site	Not Required
		Redundancy Dependency	Required	Preferred	Not Required	Required	Not Required	Competitive	Required	Not Required	Not Required	Not Required	Required	Not Required
15	TELECOMMUNICATIONS:	Major Communications Dependency	Preferred	Required	Preferred	Required	Required	Required	Required	Preferred	Preferred	Required	Required	Preferred
		Route Diversity Dependency	Not Required	Required	Not Required	Required	Not Required	Preferred	Required	Not Required	Not Required	Not Required	Required	Not Required
		Fiber Optic Dependency	Preferred	Required	Preferred	Required	Preferred	Required	Required	Preferred	Preferred	Required	Required	Not Required
16	SPECIAL CONSIDERATIONS:		Adequate distance from sensitive land uses (residential, parks, large retail centers) necessary. High throughput of materials. Large yard spaces and/or buffering required. Often transportation related requiring marine/rail links.	Acreage allotment includes expansion space (often an exercisable option). Very high utility demands in one or more areas common. Sensitive to vibration from nearby uses.	May require high volume/supply of water and sanitary sewer treatment. Often needs substantial storage/yard space for input storage. Onsite water pre-treatment needed in many instances.	Surrounding environment of great concern (vibration, noise, air quality, etc.). Increased setbacks may be required. Onsite utility service areas. Avoid sites close to wastewater treatment plants, landfills, sewage lagoons, and similar land uses. Lower demands for water and sewer treatment than Production High-Tech Manufacturing.	Adequate distance from sensitive land uses (residential, parks) necessary. Moderate demand for water and sewer. Higher demand for electricity, gas, and telecom.	High diversity of facilities within business parks. R&D facilities benefit from close proximity to higher education facilities. Moderate demand on all infrastructure systems.	Relatively higher parking ratios may be necessary. Will be very sensitive to labor force and the location of other similar centers in the region. High reliance on telecom infrastructure.	Transportation routing and proximity to/from major highways is crucial. Expansion options required. Truck staging requirements mandatory. Minimal route obstructions between the site and interstate highway such as rail crossings, drawbridges, school zones, or similar obstacles.	Transportation infrastructure such as roads and bridges to/from major highways is most competitive factor.	Must be located witihn or near FAA-regulated UAV testing sites. Moderate utility demands. Low reliance on transportation infrastructure.	Larger sites may be needed. The 25 acre site requirement represents the more typical site. Power delivery, water supply, and security are critical. Surrounding environment (vibration, air quality, etc.) is crucial. May require high volume/supply of water and sanitary sewer treatment.	Located in more remote locations in the state. Usually without direct access (within 50 miles) of Interstate or City of more than 50,000 people.

Mackenzie; Business Oregon

Terms:

More Critical ↑ Less Critical	**'Required'** factors are seen as mandatory in a vast majority of cases and have become industry standards
	'Competitive' significantly increases marketability and is *highly recommended by Business Oregon* . May also be linked to financing in order to enhance the potential reuse of the asset in case of default.
	'Preferred' increases the feasibility of the subject property and its future reuse. Other factors may, however, prove more critical.
* Competitive Acreage: Acreage that would meet the site selection requirements of the majority of industries in this sector.	
**Total Site: Building footprint, including buffers, setbacks, parking, mitigation, and expansion space	
† Data Center Water Requirements: Water requirement is reported as gallons per MWh to more closely align with the Data Center industry standard reporting of Water Usage Effectiveness (WUE).	
‡ Data Center Sewer Requirements: Sewer requirement is reported as 200% of the domestic usage at the Data Center facility. Water and sewer requirements for Data Centers are highly variable based on new technologies and should be reviewed on a case-by-case basis for specific development requirements.	

Appendix B.2 Cleantech Industrial Sector Land Use Competitiveness Matrix

The Oregon Cleantech Competitiveness Assessment Report (Appendix D in the report) identified the following land use requirements for key cleantech subsectors in Oregon as described below.

Cleantech Land Use Criteria

Land use requirements for attracting and growing industrial users vary across sectors. We have reviewed typical land use and infrastructure needs based on existing facility development, anticipated growth needs, and similarities to existing established industrial users within the State. We have reviewed land use competitiveness for the following development criteria, which are commonly used when evaluating sites for attracting potential industrial users:

1. Total site size: Gross property area, including building footprint, setbacks, parking, laydown space, buffers and/or mitigation areas, and expansion areas.
   A. Small: 0-5 acres
   B. Medium: 5-25 acres
   C. Large: > 25 acres
2. Use allowance: Specific manufacturing use allowed under current zoning. Development standards also may limit feasibility of necessary elements such as utility yards.
   A. Low: Allowed outright
   B. Medium: Allowed conditionally or with limitations
   C. High: Not allowed
3. Site slope tolerance: Elevation differences across the site; generally, industries with large-footprint buildings or laydown yards require flatter sites.
   A. Low: 0-5%
   B. Moderate: 0-7%
   C. High: 0-12%
4. Access to interstate or principal arterial transportation routes: Access to shipping routes and available capacity for trips generated.
   A. Low: Relatively low need for access to transportation routes.
   B. Moderate: Access to principal transportation routes is preferred.
   C. High: Access to principal transportation routes is required.
5. Railroad access: Proximity and capacity for rail freight systems, for either raw materials or finished goods.
   A. Low: Relatively low need for rail access.
   B. Moderate: Access to rail access is preferred.
   C. High: Access to rail access is required.
6. Marine port access: Proximity and capacity for marine cargo shipping, for either raw materials or finished goods.
   A. Low: Relatively low need for marine access.
   B. Moderate: Access to marine access is preferred.

   C. High: Access to marine access is required.
7. Airport access: Proximity and flight availability for employees, customers, or air cargo.
   A. Low: Relatively low need for airport access.
   B. Moderate: Access to airport access is preferred.
   C. High: Access to airport access is required.
8. High-pressure water supply: Proximity and capacity for high-pressure water supply, typically as municipal water.
   A. Low: Significant water usage is not expected to be a critical component of this industry.
   B. Moderate: Water usage may be high for this industry; high-pressure water supply is preferred.
   C. High: High-pressure water supply is required.
9. Electricity supply: Proximity and capacity for electrical power.
   A. Low: Significant electricity usage is not expected to be a critical component of this industry.
   B. Moderate: Electrical usage may be high for this industry; high-demand service and/or redundancy is preferred.
   C. High: High-demand service and/or redundant electrical supply is required.

The following table summarizes our recommendations of land use competitiveness for the selected Cleantech sectors across the criteria listed above.

Table 13. Competitiveness Matrix for Select Cleantech Industries

	Battery Storage	Mass Timber	Ag-Tech	Circular Economy	Solar & Wind Energy Prod	Water Tech	Building Energy Tech	EV Infrastructure Tech
Site Size	Small to Large[4]	Med to Large	Small[5]	Small to Med[6]	Med to Large[7]	Small to Med	Small	Med to Large
Use Allowance	Varies by jurisdiction							
Slope Tolerance	Mod.	Low	High	Mod.	Mod.	Low	High	Mod.
Transportation Access	Low	High	Low	High	Mod.	Low	Low	High
Rail Access	Low	Mod.	Low	Mod.	Wind: High Solar: Low	Low	Low	Mod.
Marine Access	Low	Low	Low	Low to Mod.	Low to High[8]	Low	Low	Low to Mod.
Airport Access	Low	Low	Mod.	Low	Low	Low	Mod.	High
High-Pressure Water Needs	Low	Low to Mod.	Low	Mod.	Mod.	High	Low	Low
Electrical Supply Needs	High[9]	Mod. to High	Low	Mod.	High[6]	High	Mod. to High	High

Source: Oregon Cleantech Competitiveness Assessment Report, 2024

[4] Battery storage site sizes may vary widely, from urban microgrid installations to large-scale power grid storage.
[5] The Ag-Tech industries identified in this study are assumed to generally focus on software and small-scale equipment products. These companies may use large-scale farms for product development or research; however, since those are likely to be existing operating farm facilities, we do not identify them as a land use criterion here.
[6] Site facility size for circular economy is dependent on the raw materials and finished products involved and the industry scaling.
[7] Site size for solar/wind manufacturing facilities is similar to advanced manufacturing industries, while sites for solar/wind power generation vary greatly depending on scale, ranging from rooftop systems to grid-scale farms.
[8] Offshore wind power requires marine facilities to transport turbines and equipment to the generating site. Land-based wind power marine access varies.
[9] Electrical system proximity and access for power generation facilities may vary depending on the scale and intended use. Microgrid systems may only need connection to the local electrical grid, while large-scale grid storage may require connection to regional transmission lines or substations.

Appendix B.3 Buildable Lands Inventory Methodology

The BLI is intended to identify industrial lands that are available for development for employment uses within the City of Wilsonville's BCPA. The inventory is sometimes characterized as *supply* of land to accommodate anticipated employment growth. The amount of land needed to accommodate anticipated growth, often referred to as *demand* for land, depends on the type of employment-related development and other factors.

This appendix presents methods and definitions used to develop the industrial buildable lands inventory for the BCPA. The results (shown in the Land Supply section of the memorandum) are based on analyses by ECOnorthwest of data from the City of Wilsonville, Washington and Clackamas Counties, Metro, and Pacific Habitat Services. The analysis was reviewed by City staff. The remainder of this appendix summarizes key findings of the BLI.

Methods and Definitions

The BLI in Wilsonville's BCPA includes all land that allows industrial uses within the jurisdiction of Wilsonville's comprehensive plan use designations or unincorporated areas of Washington and Clackamas Counties. From a practical perspective, land was included in the BLI if it met all the following criteria:

1. It is inside the BCPA
2. It is within a Wilsonville Comprehensive Plan designation or unincorporated areas of Washington and Clackamas Counties.
3. It is inside a tax lot (as defined by Metro), and
4. Its plan designation allows employment uses. *Note that tax lots do not generally include road or railroad rights-of-way or water.*

The inventory then builds from the tax lot–level database to estimate buildable land by Comprehensive Plan designation.

Inventory Steps

The five steps in the BLI are:

1. Generate UGB "land base"
2. Classify lands by initial development status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

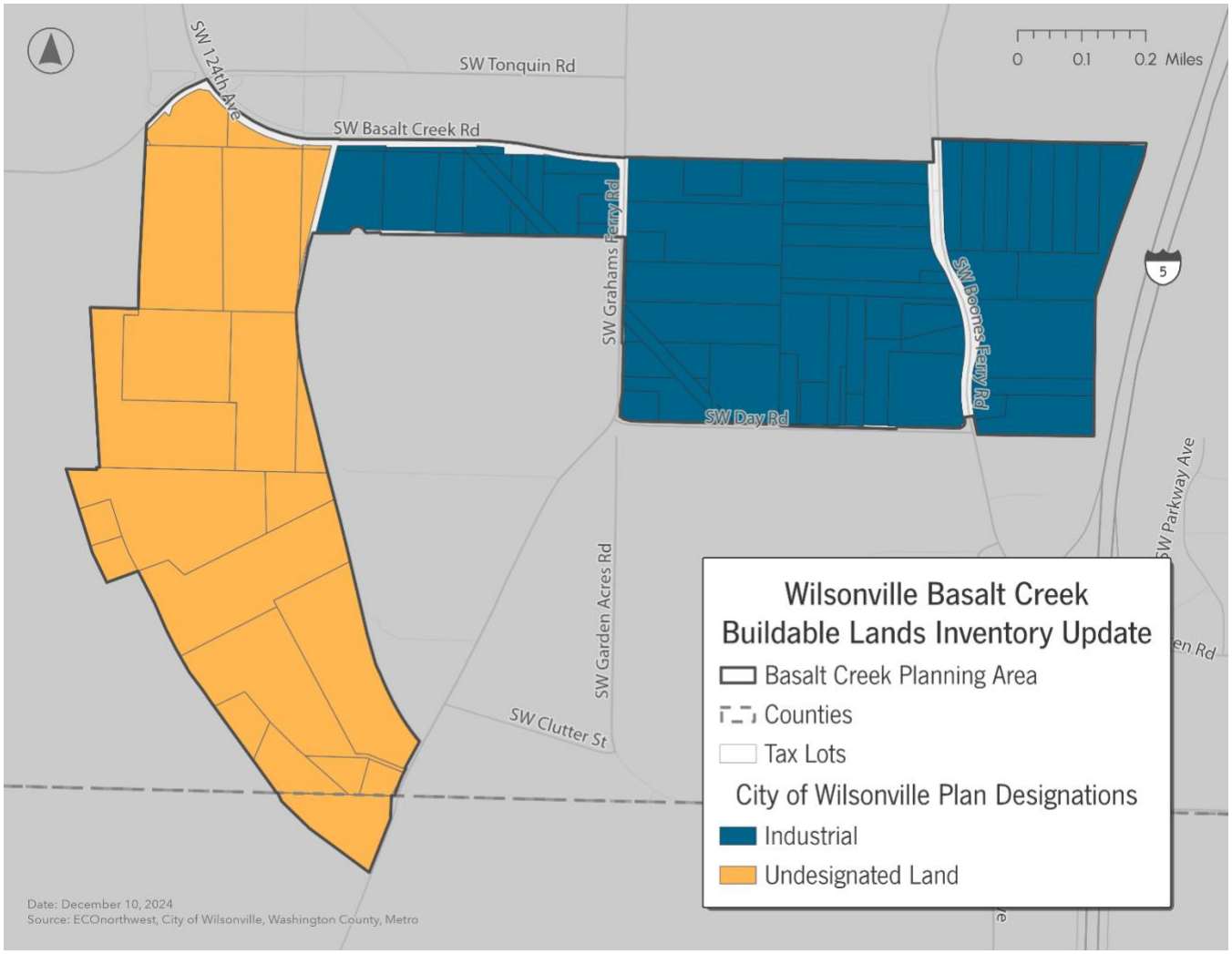
Step 1: Generate UGB "Land Base"

The industrial inventory used all tax lots within the BCPA with the appropriate types of comprehensive plan designations that fall under those land use categories:

- Industrial (I)
- Undesignated land (i.e., unincorporated land)

Figure 6 below shows a map of these designations used in the BLI.

Figure 6. Land Base by Wilsonville Comprehensive Plan Designation, BCPA, 2024



Source: ECOnorthwest Analysis, City of Wilsonville, Metro

Step 2: Classify Lands by Development Status

In this step, ECOnorthwest initially classified each tax lot with an employment plan designation (based on the definitions above) into one of three mutually exclusive categories based on development status:

- Vacant land
- Partially vacant land
- Developed land

ECOnorthwest identified buildable land and classified development status using a rule-based methodology adapted from Metro's Buildable Land Inventory documentation[10] and utilizing Metro's vacant and developed land GIS inventories. These classifications serve as a starting point for identifying development statuses and are further refined in step 4 through visual review by ECOnorthwest and the City of Wilsonville.

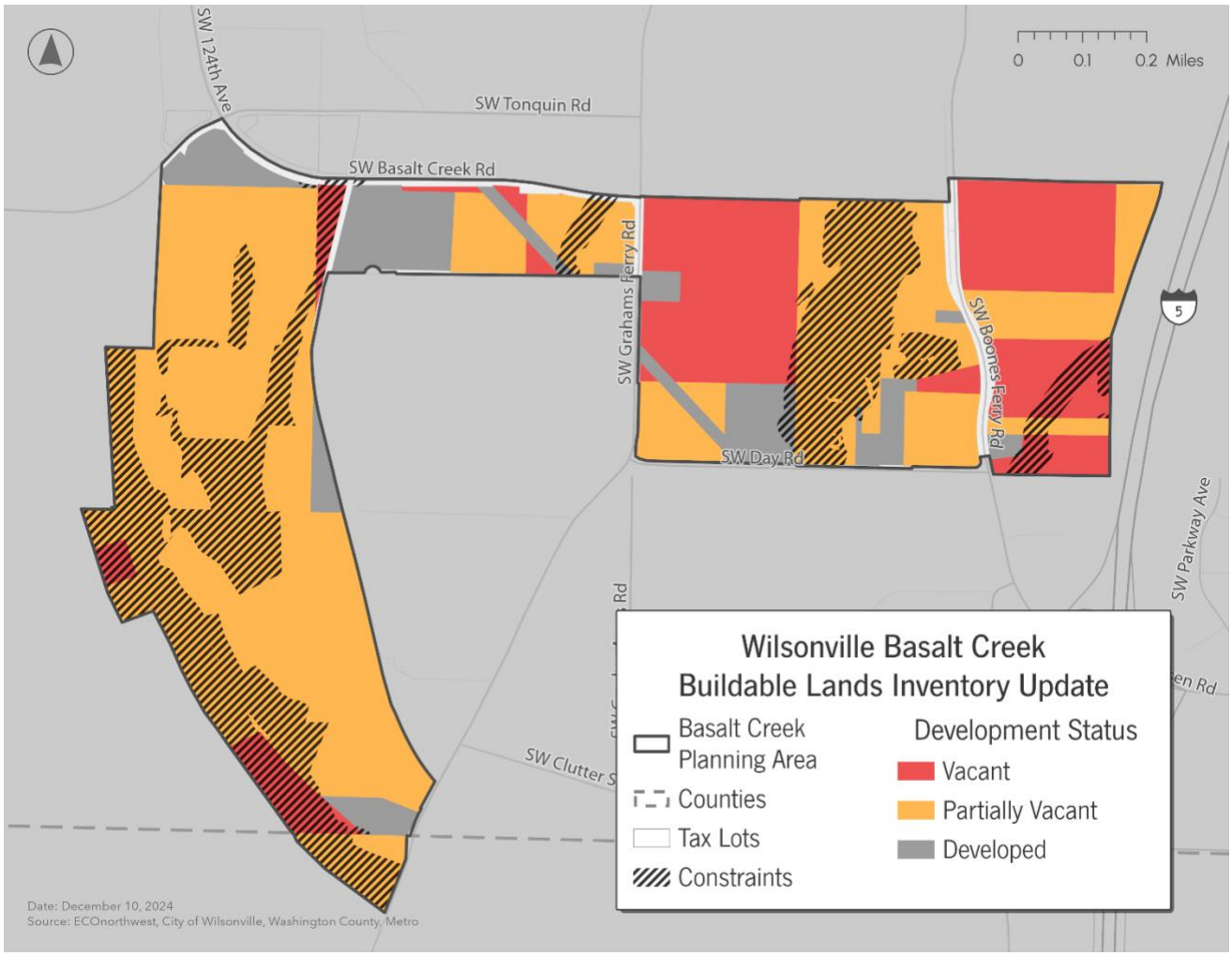
The rules are described in Table 14, and the development status classifications of the BLI land base are visualized in map format in Figure 7.

Table 14. Rules for Development Status Classification

DEVELOPMENT STATUS	DEFINITION	METHODOLOGICAL BASIS
Vacant Land	A tax lot where the area is: (a) Less than 2,000 sq ft and less than 10% developed, or (b) More than 95% vacant.	*Metro Appendix 2 - 2024 Buildable Land Inventory (BLI) and Capacity Estimates*[11]
Partially Vacant Land	A tax lot where the area does not meet the vacant land definition and is more than one-half acre vacant	No statutory definition
Developed Land	A tax lot that is not vacant or partially vacant.	*Metro Appendix 2*

[10] https://www.oregonmetro.gov/sites/default/files/2024/07/09/2024-UGR-Appendix-2-UGB-capacity-analysis-with-attachments.pdf
[11] Ibid.

Figure 7. Development Status with Constraints, BCPA, 2024



Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro, Pacific Habitat Services

Step 3: Identify Constraints

As shown in

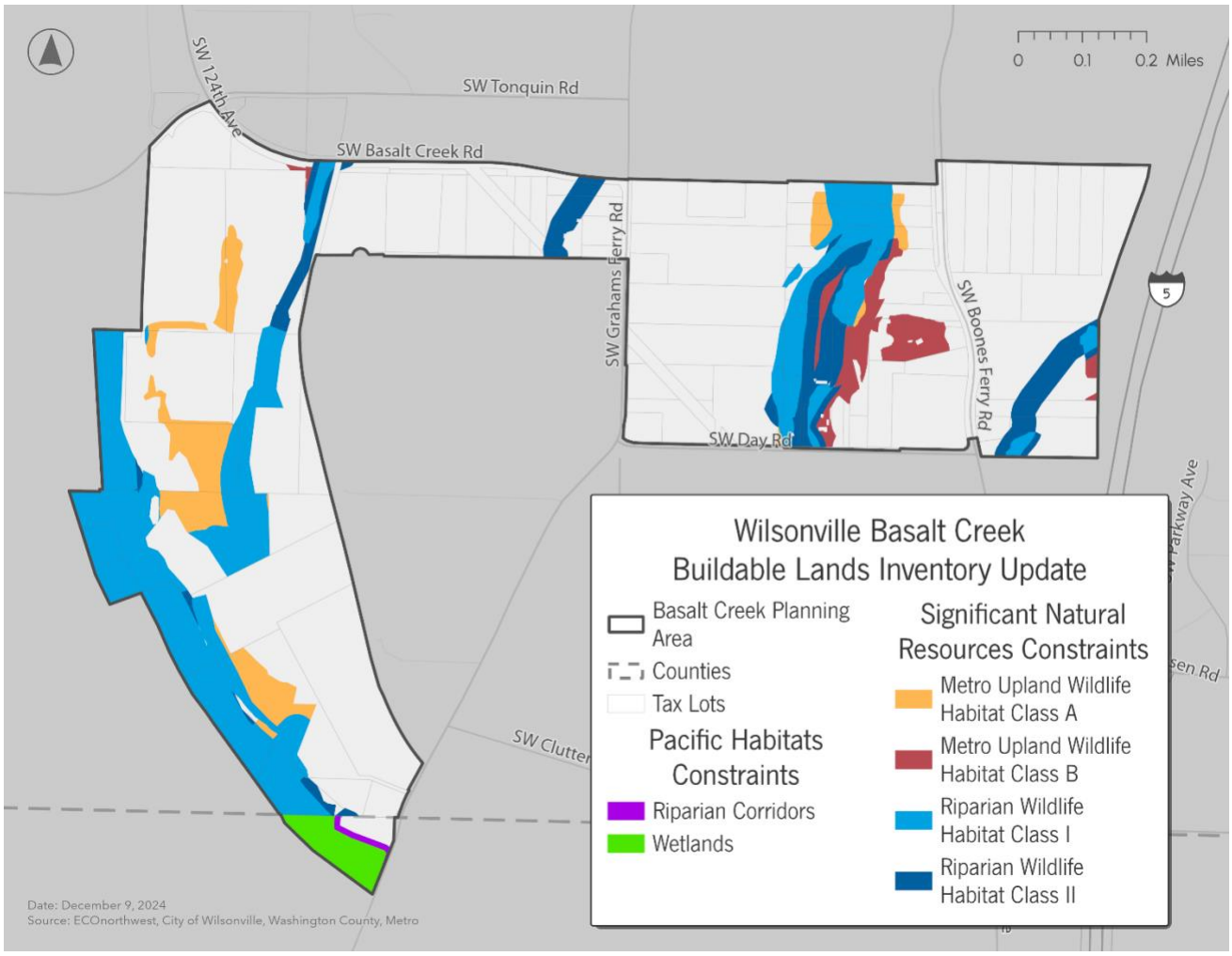
Table 15, the BLI included development constraints consistent with guidance in OAR 660-009-0005(2) and discussion with Wilsonville City staff.

Table 15. Constraints Included in BLI

DEVELOPMENT STATUS	STATUTORY AUTHORITY	THRESHOLD	SOURCE
Goal 5 Natural Resource Constraints			
Significant Natural Resources (SNR)	*OAR 660-009-0005(2)*	Lands within SNR classifications: ♦ Metro Upland Wildlife Habitat Classes A and B ♦ Riparian Wildlife Habitat Classes I and II	Washington County
Riparian Corridors	*OAR 660-009-0005(2)*	Lands within riparian corridors (Clackamas County only)	Pacific Habitat Services
Wetlands	*OAR 660-009-0005(2)*	Lands within wetlands (Clackamas County only)	Pacific Habitat Services

These areas were evaluated as prohibitive constraints (unbuildable). All constraints were merged into a single constraint file, which was then used to identify the area of each tax lot that is constrained. These areas were deducted from lands identified as vacant or partially vacant. Figure 8 shows a map of the individual constraints.

Figure 8. Development Constraints, BCPA, 2024



Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro, Pacific Habitat Services

Step 4: Verify Inventory Results

ECOnorthwest used a multistep verification process. The first verification step involved a "visual assessment" of land classifications using GIS and recent aerial photos. The visual assessment involved reviewing classifications overlaid on recent aerial photographs to verify uses on the ground. ECOnorthwest reviewed all tax lots included in the inventory using the visual assessment methodology. The second round of verification involved City staff verifying the visual assessment output. ECOnorthwest amended the BLI based on City staff review and a discussion of staff's comments.

Step 5: Tabulate and Map Results

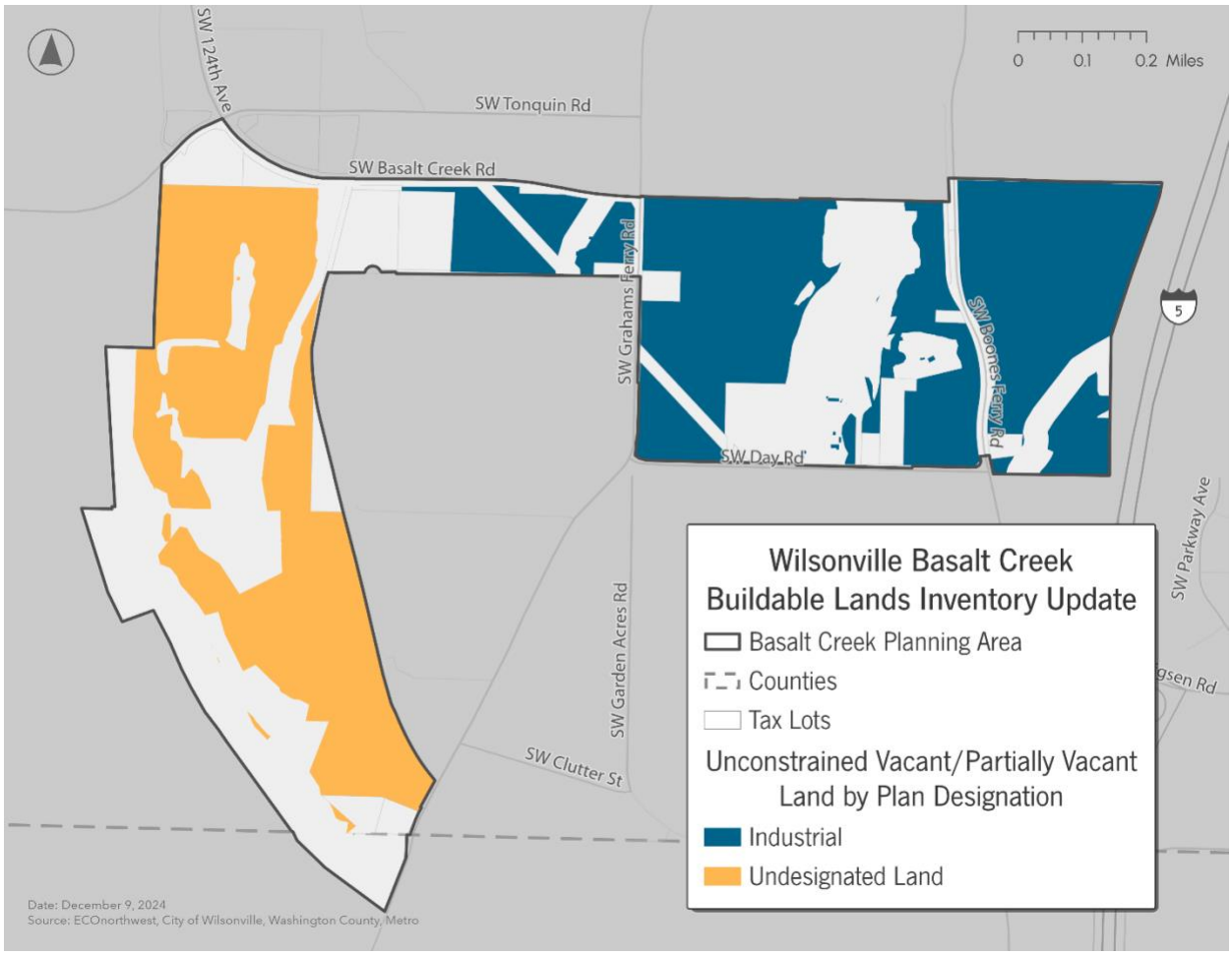
The results of the industrial BLI are presented in tabular form in Table 16 and in a map in Figure 9.

Table 16. Buildable Acres in Vacant and Partially Vacant Tax Lots by Wilsonville Plan Designations, BCPA, 2024

Plan Designation	Total Buildable Acres	Buildable Acres on Vacant Lots	Buildable Acres on Partially Vacant Lots
Industrial	127	87	40
Undesignated	24	0.4	23
Total	**150**	**87**	**63**

Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro

Figure 9. Buildable Employment Land by Wilsonville Plan Designation, BCPA, 2024



Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro, Pacific Habitat Services

Appendix C: Redevelopment Feasibility of Contractor Establishments

ECOnorthwest

DATE:	December 12, 2024
TO:	City of Wilsonville
FROM:	ECOnorthwest: Nicole Underwood, Michelle Anderson, and Bob Parker
SUBJECT:	WILR Phase 1: Redevelopment Feasibility of Contractor Establishments

The Cities of Tualatin and Wilsonville adopted the Basalt Creek Concept Plan (BCCP) in 2018 after a lengthy joint planning process. Now, in 2024-25, the City of Wilsonville is working to advance the Basalt Creek Planning Area (BCPA) beyond the concept plan to a development-ready status by designating zoning and refining infrastructure plans. However, since adoption of the BCCP, economic conditions at national, state, regional, and local levels have shifted significantly and must now be considered.

To address these evolving conditions, the City hired ECOnorthwest to conduct a market assessment and industrial lands study focused on Wilsonville's portion of the BCPA. This study comprises several interconnected tasks:

- An **Economic Inventory** that evaluated current market trends and identified industries suitable for the area (completed).
- An updated **Buildable Lands Inventory (BLI)** that reflects recent land developments, adjusted constraints, and revised capacity estimates (ongoing).
- A **Site Suitability Analysis** that evaluates three key opportunity sites for their potential to support target industries based on attributes like size, location, and access (ongoing).
- An **Analysis of Future Development of Contractor Establishments in the BCPA** given prevailing lease rates and market conditions (this memorandum).

This memorandum addresses the fourth task by evaluating the redevelopment potential of contractor establishments within the BCPA. Currently, the Wilsonville portion of the BCPA falls under Washington County's Future Development 20-Acre District (FD-20) zoning, which allows a variety of low-intensity uses. The area has limited development, with much of the developed land used for contractor establishments, which typically include small offices (often converted residences), storage buildings, and laydown yards. While these uses contribute to jobs and economic activity, they yield limited employment opportunities and lower property values compared to those envisioned in the BCCP or those typically expected for land within the metro urban growth boundary (UGB) and city limits.

The primary question we address in this task is: What is the redevelopment potential of existing contractor establishments in the BCPA, given prevailing lease rates and market conditions? This analysis will help the City understand what types of development the market will support, which desired development types identified in the BCCP are viable under current economic conditions, and what conditions might be necessary in the future to support desired development.

The findings from this analysis will guide recommendations on policy interventions and strategic actions the City can take to support desired development and promote redevelopment feasibility. These efforts are part of a broader initiative to position Basalt Creek as a key area for regional job growth and long-term economic success.

Redevelopment Feasibility of Existing Contractor Establishments

The Economic Inventory identified a range of industrial users who may find Basalt Creek particularly attractive due to its prime location in the Southwest Metro area, access to a skilled workforce, availability of industrial land, strong transportation networks, and proximity to existing industrial clusters. Discussions with stakeholders also highlighted strong regional demand for industrial space.

However, several challenges complicate redevelopment efforts. Many existing contractor establishments generate significant income for property owners, reducing their motivation to sell or redevelop the land for higher-intensity industrial uses. Additionally, relocation options for businesses currently occupying these sites may be limited, creating further barriers to redevelopment.

These challenges raise critical questions about whether current market rents and sales prices are sufficient to make redevelopment feasible in the BCPA. This analysis evaluates the conditions needed to support redevelopment in Basalt Creek.

WHICH SECTORS MAY BE ATTRACTED TO BASALT CREEK?

Below are the potential sectors that may be particularly attracted to Basalt Creek, as identified in the Economic Inventory report.

Semiconductor Sector Supply Chain: Companies providing materials, equipment, and services to chip manufacturers.

Cleantech, including Battery Technology: Businesses involved in renewable energy technology, energy efficiency solutions, and sustainable manufacturing processes.

Advanced Manufacturing: Companies using technology such as robotics, 3D printing, and computerized systems to manufacture specialized products or components.

Distribution and Logistics: Storage, transportation, and delivery of goods.

Data Centers: Facilities used to house computer systems and associated components.

Methods and Approach

What are the key questions?

While there is clear demand for industrial space in the BCPA, the question remains: **What conditions (e.g., market, ownership, site, zoning) are needed to promote and incentivize urban industrial development as envisioned in the BCCP?** To answer this core question, ECOnorthwest identified several subquestions to guide the analysis.

- What types of property owners are in the study area, and who is respectively occupying the site (e.g., the owner or tenant)?
  - Understanding ownership and occupancy dynamics helps assess the financial motivations of property owners and helps determine whether redevelopment offers an incentive.
- What are the potential future uses for these sites?
  - Identifying potential future uses informs construction costs, market rents, and site utilization. Evaluating the likely range of site utilization (based on constraints and zoning) helps determine whether redevelopment would offer higher returns compared to current uses.

By addressing these supporting questions, ECOnorthwest evaluated scenarios where ownership, occupancy, and future uses align to incentivize redevelopment. This structured approach provides insights into the conditions necessary to drive redevelopment in the BCPA.

How did we answer the key questions?

ECOnorthwest used a detailed pro forma model to evaluate multiple potential development scenarios. These scenarios incorporated variations in current ownership and occupancy, potential future uses, and site utilization (for additional details, see Appendix). For this quantitative analysis, we focused on conditions that could support new development, either on recently acquired properties (e.g., speculative purchases) or on land likely to transact for redevelopment in the future.

WHAT IS A PRO FORMA?

The pro forma method, a standard tool in real estate feasibility studies, replicates the decision-making process of investors and lenders. It assesses the balance between development costs, expected revenue, and financing structures to identify potential viability gaps.

The pro forma considers the site utilization and potential building program of each scenario, development hard costs (construction labor and materials), other development costs (soft

costs, contingency, developer fee, etc.), costs of capital, relevant operating costs, and land acquisition costs. For each scenario, the pro forma calculated the rent levels required to cover these costs and achieve financial feasibility.

DATA LIMITATIONS AND METHODOLOGY

While the quantitative analysis provided valuable insights, data limitations in the study area and the I-5 South Submarket (such as limited observations of contractor establishment rents) posed some challenges. These limitations are typical for studies in smaller submarkets. To address this, we supplemented the analysis with qualitative methods, including interviews with developers and brokers, to validate assumptions and refine recommendations. We also conducted a range of sensitivity testing to account for potential variance (e.g., higher and lower potential contractor establishment rents) instead of basing the results of our analysis on one assumption. As a result, we believe the findings accurately reflect current market conditions in Wilsonville and provide a reliable basis for evaluating redevelopment feasibility in the BCPA.

WHY IS DEVELOPMENT FEASIBILITY AND PRO FORMA ANALYSIS IMPORTANT?

Development can be costly and risky. Getting funding to construct new development requires lenders and investors to be reasonably confident they will earn enough financial return to justify the risks.

Economic or market feasibility is generally assessed by comparing the expected revenues (rents, sales prices) against the costs of development. If a development project is not profitable, it is not feasible; it will not be built. While some of the factors that determine market feasibility are outside a jurisdiction's direct control (e.g., labor and materials costs, interest rates, market rents), local jurisdictions can provide incentives (such as tax exemptions or land donations) or adjust building, utility, and zoning fees; zoning; programs; and other regulations that can have a substantial impact on whether development could be feasible or not.

ASSUMPTIONS AND INDUSTRY STANDARDS

We based several assumptions on industry standards to ensure consistency and accuracy:

- **Construction Costs:** Used national averages adjusted with a Portland metro–specific multiplier to account for regional building conditions.
- **Other Development Costs and Operating Costs:** Applied standard rates for soft costs (architectural design, site engineering, permitting and entitlement fees, capital carrying costs, etc.), contingency, and developer fees.

For a more detailed overview of the data, assumptions, and methodology, please refer to the Appendix.

UNDERSTANDING THE PRICE OF LAND IN THE BCPA: HOW THIS IS FACTORED INTO FEASIBILITY RESULTS

Predicting the price that a landowner would require when selling property for development is an imperfect science—each landowner has reasons to sell or hold their land. Some property owners are willing to develop their land without selling, but based on interviews, we determined this would be rare in the study area. For the purposes of this analysis, we assumed the value of the property (i.e., the price of the land at which an owner would be willing to sell) could be derived from current comparable property sales prices in the area using a **"comps approach"** as well as using an **"income-based approach"** that considers the revenue stream from current tenants on the property. Therefore, this memo analyzes the rent needed based on the range of land values given these two approaches.

We identified vacant land sales (including contractor establishment sales) in the I-5 South Submarket using CoStar data. Most of the vacant land properties recently transacted (over the last 4 years) for approximately $7 to $17 per square foot of land. One improved land transaction (with a contractor establishment) had a sale price that indicated it transacted for $26 per square foot of land. These observations served as our range of land prices using a comps approach. Many of these comps, both vacant land and contractor establishments, might have been leased to tenants and generated income; however, the prices they sold for could have been decided via an unknown variety of methods (including an income-based approach and then a subsequent negotiation). Therefore, for the purposes of this analysis, we refer to all these observed transactions as being within the "comps approach" method.

The income-based approach relied on data collected during interviews, which indicated the rent for contractor yards in the area could range from $0.18 to $0.23 per square foot of land per month. We considered this gross annual revenue, net of approximately 5 percent for various operating costs, and divided by a range of capitalization (cap) rates (5 percent to 7 percent) to estimate the value. Using a cap rate is a common valuation approach in the commercial real estate industry. This analysis resulted in a range of $19 to $52 per square foot of land—considerably higher than most of the results from the comps approach. This approach more accurately reflects the value current owners place on the potential future revenue from their existing tenants, as well as the level of incentive required to encourage them to sell and repurpose the property. Although this income-based value could eventually be negotiated during a potential sale, we still use this range in our analysis to reflect values that a landowner might require to sell their land.

Key Findings

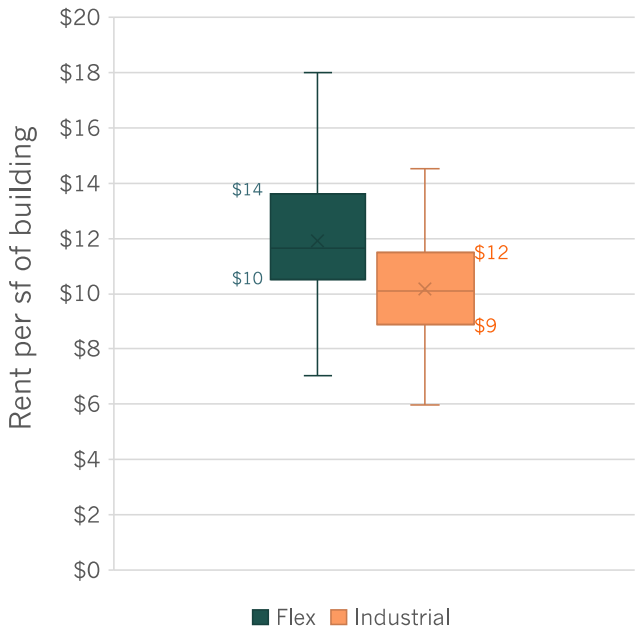
Current uses are generating substantial revenue with minimal management effort or risk.

Our market research and interviews highlighted that the rent for current uses varied based on whether the site was mostly open land or a building was present. Sites without buildings typically structured their rent per square foot of land, and this typically ranged from $0.18 to $0.23 per month. For example, a 1-acre site could generate annual gross rent of approximately $95,000 to $120,000 with minimal management effort or operating costs. (This is intended for illustrative purposes only and can scale to larger site sizes.)

Over the past four years, vacant land in the area has sold for around $7 to $17 per square foot. For the same illustrative 1-acre site, this translates to sale prices ranging from $305,000 to $750,000. The resulting ratio of annual gross lease revenue to property value ranges from 13 percent (a monthly rent of $0.18 per square foot relative to a land value of $17 per square foot) to 39 percent (a monthly rent of $0.23 per square foot relative to a land value of $7 per square foot). This means that property owners who recently purchased land and rent it to contractor establishments could recover their investment within 2.5 to 8 years. For long-term landowners who have already paid off their investment, rents represent additional income with minimal effort. Either way, given the substantial revenue from these uses, a landowner has very little incentive to redevelop.

For sites with buildings and yards, rents are typically based on the building area and range from $0.85 to $1.30 per square foot of building per month, or $10.20 to $15.60 per square foot per year. In comparison, flex and industrial spaces in the I-5 South Submarket rent for $9 to $14 per square foot per year, meaning that rent for an existing contractor establishment building with a yard is already achieving similar market rents to potential future uses. Not only are some of these contractor establishments already achieving comparable rents to flex and industrial uses, but they are also doing so without the risks of redevelopment (which include new capital investment, entitlements, the time to convert the land to the new use and generate revenue, and opportunity cost, among others).

Figure 1. Market Rent of Potential Future Uses



Source: ECOnorthwest analysis, CoStar

Rents would likely need to increase by at least three-fifths (60 percent), if not double (100 percent), to fund construction and create incentive to flip existing contractor establishments.

For our pro forma analysis, we evaluated a range of scenarios based on the variation in ownership and occupancy, future uses, future site utilization, and land acquisition costs (see Appendix for more detail). As previously discussed, ECOnorthwest solved for the rent needed to cover these various costs and then compared to the potential market rent of the flex and industrial uses observed in the I-5 South Submarket. We show these results for a range of potential land acquisition prices and construction costs.

We analyzed results for three different physical scenarios based on observed comparable developments (using the relationship between building square footage and site square footage):

- **Very high site utilization** based on 45 percent site coverage, similar to Graham's Ferry Industrial Center. Note: future development in some portions of BCPA may face constraints due to natural site features or zoning standards that may make achieving this site utilization challenging.
- **High site utilization** based on 35 percent site utilization, similar to the Sherwood Commerce Center
- **Low site utilization** based on 20 percent site utilization, similar to observed flex and industrial uses built over the last 20 years in the I-5 South Submarket

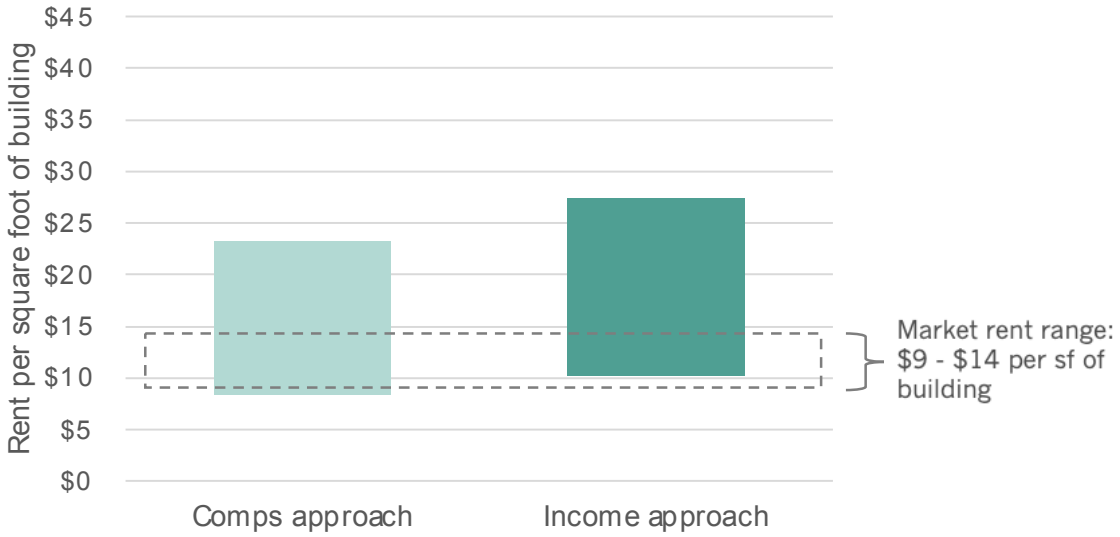
INTERPRETING THE RESULTS CHARTS

Development feasibility hinges on a range of different assumptions. Rather than picking one specific set of assumptions, the results charts shown in this memo encompass a range of potential assumptions, namely land acquisition costs and development costs.

ECOnorthwest compared the feasibility results to both the comps approach and income approach—**one column** in the following charts shows the resulting range of rents needed if assuming a comps approach, and **one column** shows the range needed based on an income approach. **Both columns** also include sensitivity testing given a range of construction costs and land prices, which is reflected in the size of the bars (the same range is assumed for each of the land price method scenarios). **A dashed box** is also shown to represent the range of observed rents for potential future uses. The rent results would ideally be within, if not lower than, this range for the development to be feasible.

In the **very high site utilization** scenario, future flex and industrial uses are only feasible when land acquisition costs remain low—below $20 per square foot—and other development costs are average or low. This combination of assumptions results in rents similar to the existing market rents of $9 to $14 per square foot of building (see comparison to gray bar shown in results chart in Figure 2). To make redevelopment feasible for properties with land costs higher than $20 per square foot (common for land with existing uses), the market rent for flex and industrial uses would likely need to increase by at least three-fifths, if not double, while construction costs remain constant.

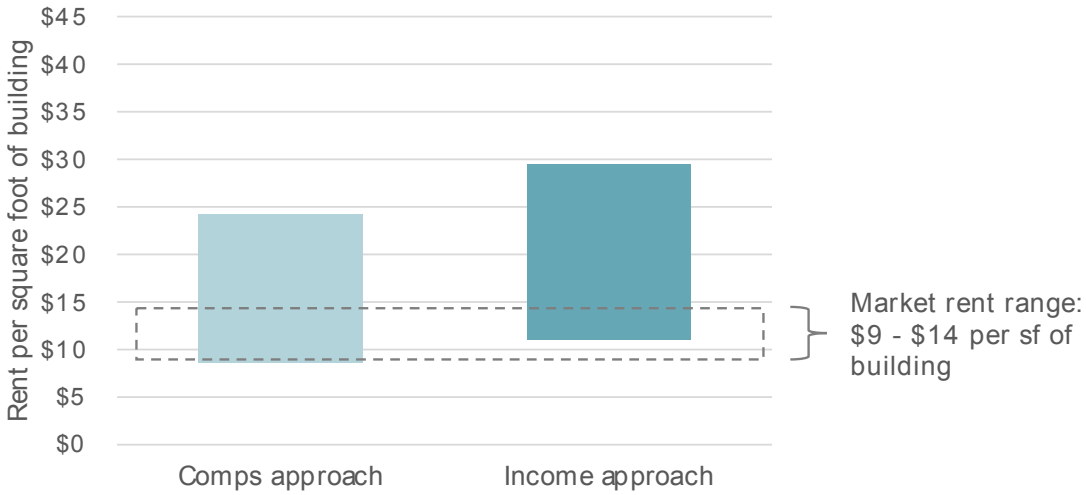
Figure 2. Rent Needed for Very High Site Utilization (45%)



Source: ECOnorthwest analysis

The results in the **high site utilization scenario** are similar to the very high site utilization scenario. However, relative to the latter, rents would need to increase to cover the same range of land and development costs. Future flex and industrial uses are only feasible when land acquisition costs remain low—below $20 per square foot—and other development costs are average or low. This combination of assumptions results in rents similar to the existing market rents of $9 to $14 per square foot of building (see comparison to gray bar shown in results chart in Figure 3). To make redevelopment feasible for properties with land costs higher than $20 per square foot (common for land with existing uses), the market rent for flex and industrial uses must increase by at least three-quarters, if not double, while construction costs remain constant.

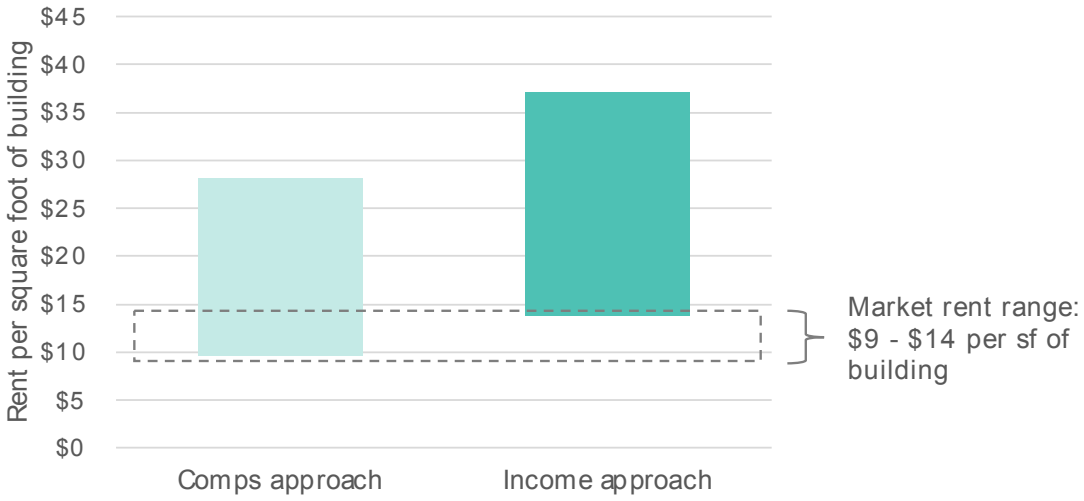
Figure 3. Rent Needed for High Site Utilization (35%)



Source: ECOnorthwest analysis

In the **low site utilization scenario**, future flex and industrial uses are only feasible when land acquisition costs are assumed to be low—less than $10 per square foot, based on the low end of recent comparable sales of vacant land—and other development costs are low. This combination of assumptions results in rents similar to the existing market rents of $9 to $14 per square foot of building (see comparison to gray bar shown in results chart in Figure 4). For properties with existing uses (where land is likely to transact between $19 and $52 per square foot), the market rent for flex and industrial uses must double while construction costs remain constant to make redevelopment feasible.

Figure 4. Rent Needed for Low Site Utilization (20%)



Source: ECOnorthwest analysis

Owner-occupied sites face greater feasibility challenges when landowners want to maintain their business operations.

Owner-occupied sites present more complex financial considerations compared to vacant or tenant-occupied properties. Landowners using their property for their own business must account for additional costs if they relocate, including relocation expenses, higher rents (or purchase prices) for new properties, and potentially higher ongoing business costs. For example, moving farther from suppliers or services could result in increased fuel or labor expenses.

To justify relocating their business, landowners would likely need to sell their property at an even higher price than what the quantitative analysis assumes. This requirement would, in turn, translate to higher rents than those shown in the results charts (Figure 3 and Figure 4). However, if the landowner does not intend to maintain their business, financial considerations would be less complex. Without the need to account for future business costs or the loss of tenant income, necessary rents could align more closely with those projected in the comps approach.

Conclusion and Next Steps

Current contractor establishments generate significant revenue with minimal effort or risk, reducing financial incentives for redevelopment. Rents for existing contractor establishments, particularly those with buildings, are already comparable to market rates for industrial and flex uses in the I-5 South Submarket. Therefore, for redevelopment to become financially feasible, market rents would likely need to rise by at least three-fifths, if not double, depending on site utilization, land acquisition costs, and construction costs. Higher site utilization scenarios present some redevelopment feasibility when land acquisition costs are low (below $20 per square foot). Conversely, properties with higher land costs or existing uses would either have substantially higher rents or reduced development costs (e.g., construction, financing) to achieve feasibility.

Owner-occupied properties are less likely to redevelop if the owner wants to maintain their business operations. Redevelopment is difficult for owner-occupants, as they must consider relocation costs and potential increases in operational expenses. Limited regional industrial land supply could push these businesses to relocate further from their markets, increasing costs for labor, transportation, and operations. Without substantial increases in land values or rents, redevelopment for these properties remains unlikely.

Achieving the City's development vision for Basalt Creek will require strategic interventions. Potential approaches could include purchasing and aggregating properties to create development-ready parcels, subsidizing infrastructure costs, adjusting system development charges (SDCs), offering other development incentives, or implementing other strategies yet to be identified.

The findings in this memorandum are preliminary and will be refined through further analysis and discussions. This study is being conducted alongside updates to the buildable lands inventory and site suitability analysis. Ultimately, these components will be synthesized with insights from the Economic Inventory into a comprehensive final report that outlines key findings and actionable recommendations.

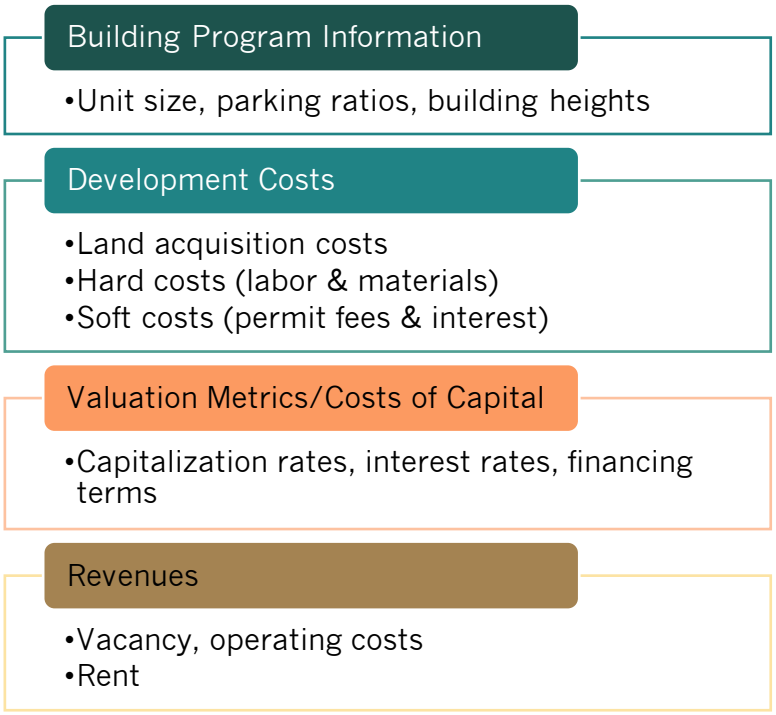
Appendix C.1

Financial Feasibility Methods

To model development feasibility, ECOnorthwest employed a pro forma model, which is a common method used in real estate feasibility studies because it simulates the decision-making process of investors and lenders. The pro forma assesses the balance between development costs, expected revenue, and financing structure, which helps to identify viability gaps.

Figure 5. Factors Used in the Pro Forma Analysis

Source: ECOnorthwest



This method provides a general analysis of prototypical development scenarios, or prototypes, without accounting for unique conditions that might influence development feasibility (e.g., higher predevelopment costs). Therefore, this analysis serves as a strong indicator of the relative likelihood of development rather than an absolute measure of feasibility.

The pro forma considers the site utilization and potential building program of each scenario, development hard costs (construction labor and materials), other development costs (soft costs, contingency, developer fee, etc.), costs of capital, relevant operating costs, and land acquisition costs. It then calculates the rent required to cover these costs for each scenario.

Scenarios Evaluated

To establish relevant assumptions for the pro forma model, we first identified the scenarios needed to address the research questions. These scenarios were based on variations in current ownership and occupancy, potential future uses, and site utilization.

CURRENT SITE OWNERSHIP AND OCCUPANCY

We started with an understanding of the current site ownership and occupancy. Based on our understanding, there were three main categories:

- **Owners of vacant or unused land.** This category includes people who recently purchased land with the intent to develop and existing owners potentially interested in selling their land for new development.
- **Owners renting to contractor establishment tenants.** These owners might sell their property but would need compensation for the foregone future revenue from their tenants.
- **Owners using the land for their own contractor establishments.** Financial considerations for this group vary substantially. Landowners would need to account for up-front and ongoing costs associated with relocating their businesses, making this scenario more complex to quantify compared to vacant or tenant-occupied sites.

APPROACH TO ESTIMATING LAND PRICE

- **Vacant and underutilized land:** We used a comparable sales ("comps") approach to estimate land price, which accounts for the sales price of recently purchased land, especially by those intending to develop (see the callout box on page 5 for details on the comps approach).
- **Tenant-occupied land:** For owners renting to contractor establishment tenants, we used an income-based approach to estimate the financial hurdle of land price. This better reflects the potential foregone revenue from tenants (see the callout box on page 5 for details on the income-based approach).
- **Owner-occupied land:** Due to varied business conditions of landowners who are using the land for their own contractor establishment, we evaluated this scenario qualitatively, considering insights from the other scenarios.

FUTURE BUILDING PROGRAMS

We then considered the potential future building programs that could occur on these former contractor establishment sites. We based the building square footage of our two prototypes on observed comparable flex and industrial spaces, based on CoStar data from the I-5 South Submarket. Key considerations included:

- **Site Utilization:** Over the past 20 years, average site utilization (building area relative to site area) in the I-5 South Submarket was about 20 percent. Recent developments such as the Sherwood Commerce Center and Graham's Ferry Industrial Center achieved 35 percent and 45 percent site utilization, respectively. But this was enabled by maximizing impervious coverage for parking and truck logistics. Future development in some portions of the study area may face constraints due to natural site features or zoning

standards. We therefore modeled three prototypes to capture a range of potential future development conditions:

- **Low utilization:** 20 percent
- **High utilization:** 35 percent
- **Very high utilization:** 45 percent

CONSTRUCTION COSTS

Lastly, for the scenarios we modeled, we evaluated a range of potential construction costs for flex and industrial uses. We referenced the **2024 National Building Cost Manual** by Craftsman to arrive at a range of potential construction costs for various building types that could house future flex and industrial uses. We conducted sensitivity testing of the potential rents needed to cover low to high construction costs, and the results that informed our key findings are inclusive of the range used.

The land cost, site utilization, and building costs were all assumptions that varied in our analyses as we conducted sensitivity testing of different scenarios (e.g., high site coverage, high land costs, high construction costs). All other pro forma assumptions we held constant. We describe the specifics of these assumptions in the section below.

Detailed Methods and Assumptions

To evaluate future flex or industrial rental uses, we began by calculating development costs. This involved applying the cost-per-square-foot values (see Table 1. Scenarios and Assumptions Used) to the building square footage derived from the site utilization. From that construction cost, we calculated the soft cost, contingency, and developer fees to arrive at the total development cost.

Given the potential range of sources to fund these projects, we used a high-level approach and assumed all sources of money that funded the project would require a 6 percent annual return based on a 30-year term. We calculated a payment inclusive of this return, based on the total development cost, to arrive at the rent needed to cover these annual costs. We also assumed these rents would be triple net and that, therefore, the operating costs would be passed on to the tenant, which is common for flex and industrial lease terms. We highlight the specific assumptions of this analysis, and any relevant ranges, in Table 1.

Table 1. Scenarios and Assumptions Used

Source: ECOnorthwest, CoStar, Redfin, Craftsman, Stakeholder Interviews

Assumption	Values
Land price	Ranged from $7 to $26 based on observed sales comps of vacant land as well as one sale observation of a contractor establishment. Ranged from $19 to $52 per square foot based on income-based approach.
Building program	(3) square footage estimates based on a calculation of 20% site utilization, 35% site utilization, 45% site utilization
Construction costs	$75 to $200 per square foot of building; $20 per square foot of paving
Soft costs	20% of hard costs
Contingency	5% of hard and soft costs
Developer fee	5% of hard and soft costs plus contingency
Costs of capital	6% annual interest range, 30-year term for all funding sources
Operating costs	Assumed triple net rents