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## Pearl District Market Study

Thomas Potiowsky  
*Portland State University*

Scott Stewart  
*Portland State University*

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# Pearl District Market Study



NeRC

**Northwest Economic Research Center**

Portland State University  
PO BOX 751  
Portland, OR 97207-0751  
503-725-8167  
[www.pdx.edu/nerc](http://www.pdx.edu/nerc)

12/10/2012

# The Pearl District



NeRC

Portland State University  
PO BOX 751  
Portland, OR 97207-0751  
503-725-8167  
[www.pdx.edu/nerc](http://www.pdx.edu/nerc)



Portland State  
UNIVERSITY

College of Urban & Public Affairs



# Acknowledgements

## **Contribution of the Pearl District Market Study**

The following report was researched and written by the Northwest Economic Research Center (NERC) at the request of the USCIS.

John Oliver, Vice President of Williams/Dame & Associates, Inc, and his staff were integral to the success of the project.

NERC is based at Portland State University in the College of Urban and Public Affairs. The Center focuses on economic research that supports public-policy decision-making, and relates to issues important to Oregon and the Portland Metropolitan Area. NERC serves the public, nonprofit, and private sector community with high quality, unbiased, and credible economic analysis. The report was researched and written by Tom Potiowsky, Director of NERC, with support from Scott Stewart, senior research associate. Research support was provided by Hudson Munoz and Janai Kessi, NERC Research Interns. The report was formatted by Mauryn Quintero, Administrative Assistant.

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# History

The rapid growth of the Pearl District without the addition of a hotel is similar to the Oregon Wine country of 5 years ago. This is captured in the following comment on the opening of the Allison Inn and Spa in Newberg, Oregon: "To see Yamhill County go from growing potatoes, beans and strawberries to spawning a wine industry capable of supporting something like this is amazing."<sup>1</sup>

The Pearl District is a mixed-use urban neighborhood consisting of owner-occupied and rental housing units (mostly condominiums), eating and drinking establishments, retail outlets, professional office space, and small industrial uses. In the early 1980's, this district was a mass of under-utilized warehouses and rail yards. Active public-private redevelopment has continued over time to create a distinctive destination neighborhood for living, working, and tourism.

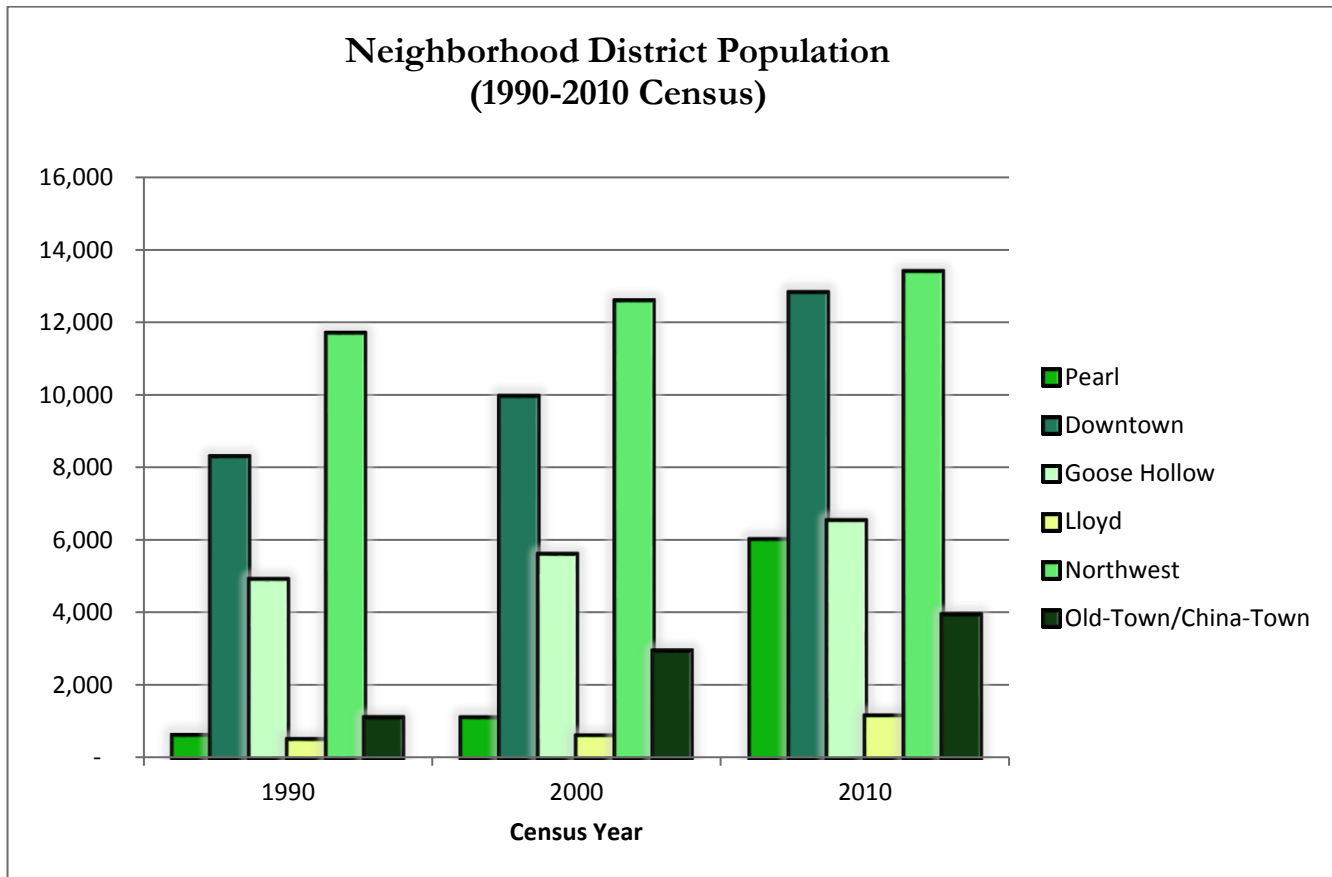
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<sup>1</sup> ([http://www.oregonlive.com/business/index.ssf/2009/04/oregons\\_first\\_winecountry\\_reso.html](http://www.oregonlive.com/business/index.ssf/2009/04/oregons_first_winecountry_reso.html))

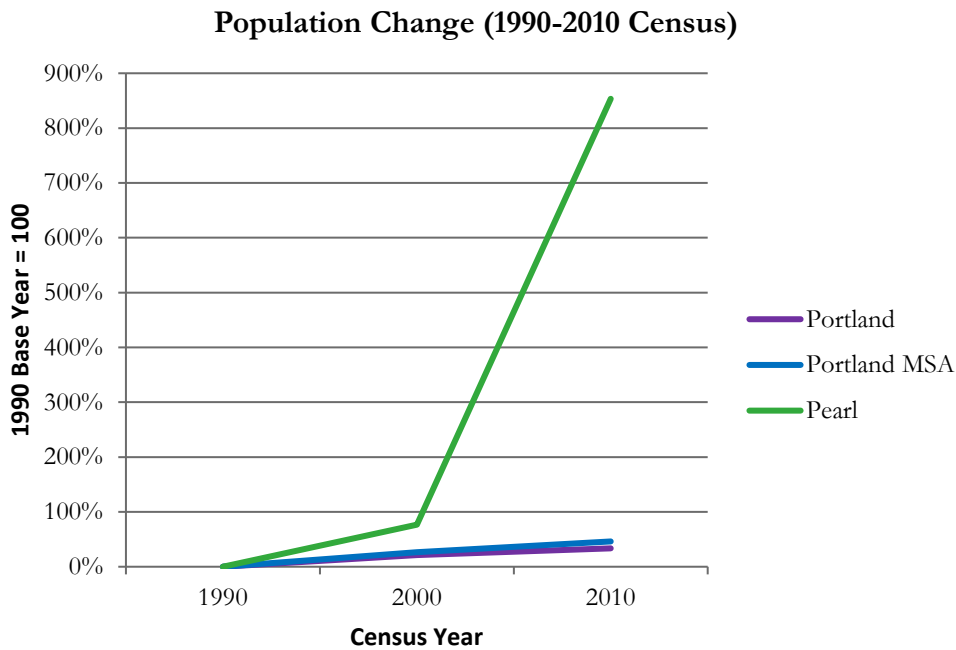
# Resident Characteristics

The Pearl District has seen rapid population growth in the last 12 years. The dramatic growth from 2000 to 2010 follows from the River District Urban Renewal Area's creation in 1998, and the tax increment financing for improvements in the district.

**Figure 1: Neighborhood District Population**



**Figure 2: Population Change**



See the appendix for figures and tables highlighting key data points regarding the following socio-economic characteristics of residents in the Pearl District. Residents who are 25 years of age and older tend to be highly educated with 60% holding an Associate’s degree or higher (**Figure 3**). Median household income at \$55,554 is estimated to be slightly higher than the Portland-Vancouver-Hillsboro MSA and higher than the state average (**Table 1**). From Census, the age distribution shows more adults 18-65 and fewer children than the Portland region as a whole (**Figure 4**). As such, the atmosphere is one geared more toward adults in terms of retail and entertainment. Residency in the Pearl District tends to be more owner occupied and seasonal ownership compared to adjoining neighborhoods (**Table 2**).



## Economic Viability

Pearl District residents, relative to surrounding neighborhoods and the City of Portland, are more educated, have higher incomes, and are more likely to own their place of residence. In addition to these robust socio-economic characteristics of its residents, the Pearl District is a vibrant economic neighborhood that has transformed from transportation and warehousing to a mixed-used residential, retail, eating and drinking establishments, and professional office buildings. **Figure 5**, in the appendix, shows the number of firms in the Pearl District and the predominance of real estate rental and leasing, professional, retail trade, arts, and food services. The accompanying **Figure 6** compares the employment in these industries from 2002 to 2010. Note the dramatic change in jobs for professional, scientific, and technical services and for accommodations and food services.

**Table 3** displays the percent share of total jobs in selected industries that may be conducive to an environment of higher hotel demand. Accommodation, food services, entertainment, and retail trade are fairly direct draws for hotel customers seeking recreation. Also, industries like professional services, company management and finance may indicate a clustering of firms that would draw business clients to the area.

Each of the industries shown has a higher share of jobs in the Pearl compared to the share in the region overall. The most directly associated industry (Accommodation and Food Services) has double the share in the Pearl compared to the region. The Pearl's greater share of Retail Trade sector is indicative of its strength as a shopping area. The share of Professional, Scientific, and Technical Services is over three times that of the region overall. These and other professional services may draw the kind of business clients seeking hotel amenities.

New and refurbished warehouses have greatly expanded the office space to match the increase in employment in the professional services industry. The

Total SF of Office Space for the Pearl District has increased over 10 percent from the first quarter of 2006 to the third quarter of 2012 (See appendix **Figure 7**). The historical supply and demand chart shows that while the recession pushed up vacancy rates, the Pearl District has recovered (See appendix **Figure 8**). Demand for office space has recently pushed rental rates higher. Collectively the socio-economic indicators described in this report point to an economic area that has strong appeal for both residence and professional business locations.

## Destination Characteristics

The Pearl District is a destination within Portland. The neighborhood boasts at least forty restaurants ranging in style from Northwestern cookery to modern Peruvian Cuisine. The range of eats in the Pearl is fitted within Portland's urban arts district. Portland is famous for its breweries and several are located in the Pearl District. Bridgeport Brewing, Deschutes, and Rogue Ales call the Pearl home and offer craft beer as well as full menus.

The Pearl is Portland's urban arts district. Galleries such as the Forelick and Gallery 903 represent artists from the Pacific Northwest and around the world. Artists display their work in galleries and shops during the monthly "First Thursday" event. Attendees often walk between exhibits, and take in handmade crafts, jewelry, and the work of local artists on pedestrian-only NW 13th Street, the event's staging area. Live theater is offered by the Portland Center Stage. The theater includes the 525 seat main stage as well as a 200 person box stage for smaller productions. Visitors may shop at one of the many boutiques in the Pearl. Of course, the famous Powell's Books, situated at the southern edge of the neighborhood is a destination within the Pearl.

A sample of arts, eating and drinking, health, and business services in the Pearl District excerpted from [explorethepearl.com](http://explorethepearl.com) is included in the appendix (**Figure 9**).

## The Pearl as a Piece of the Portland Downtown Experience

The Pearl District is connected to the central downtown district (**Figure 10**) and other close in neighborhoods through a public transit system. As of 2011, the Pearl District is serviced by the Portland Street Car and 5 bus lines. The MAX light rail train is on 6<sup>th</sup> and 5<sup>th</sup> avenues, just 1 and 2 blocks outside of the district. The Amtrak train station is located one block to the east of NW Broadway (eastern edge of the Pearl District) at approximately NW 6<sup>th</sup> Ave. and NW Johnson Street. Of note is that while the Amtrak station is served by the Max light rail train, the nearest hotel is located 0.5 miles away.

As the Pearl District attracts more residences, businesses, and tourist, this will enhance other neighborhoods in the Portland downtown area. The ability to travel between these neighborhoods raises the profile for all. Access to more shopping, theater, restaurants also helps the economic viability of the Pearl District. So besides the amenities in the Pearl, the amenities are extended to the Chinese Garden in Old Town/China Town, Washington Park and the Metro Zoo, the Oregon Convention Center that is just to the north over the Broadway Bridge, and other venues.

A hotel in the Pearl District enhances the destination of this neighborhood which assists in enhancing the Portland downtown region, a feedback loop that raises all prospects.

# Appendix

Figure 3: Educational Attainment

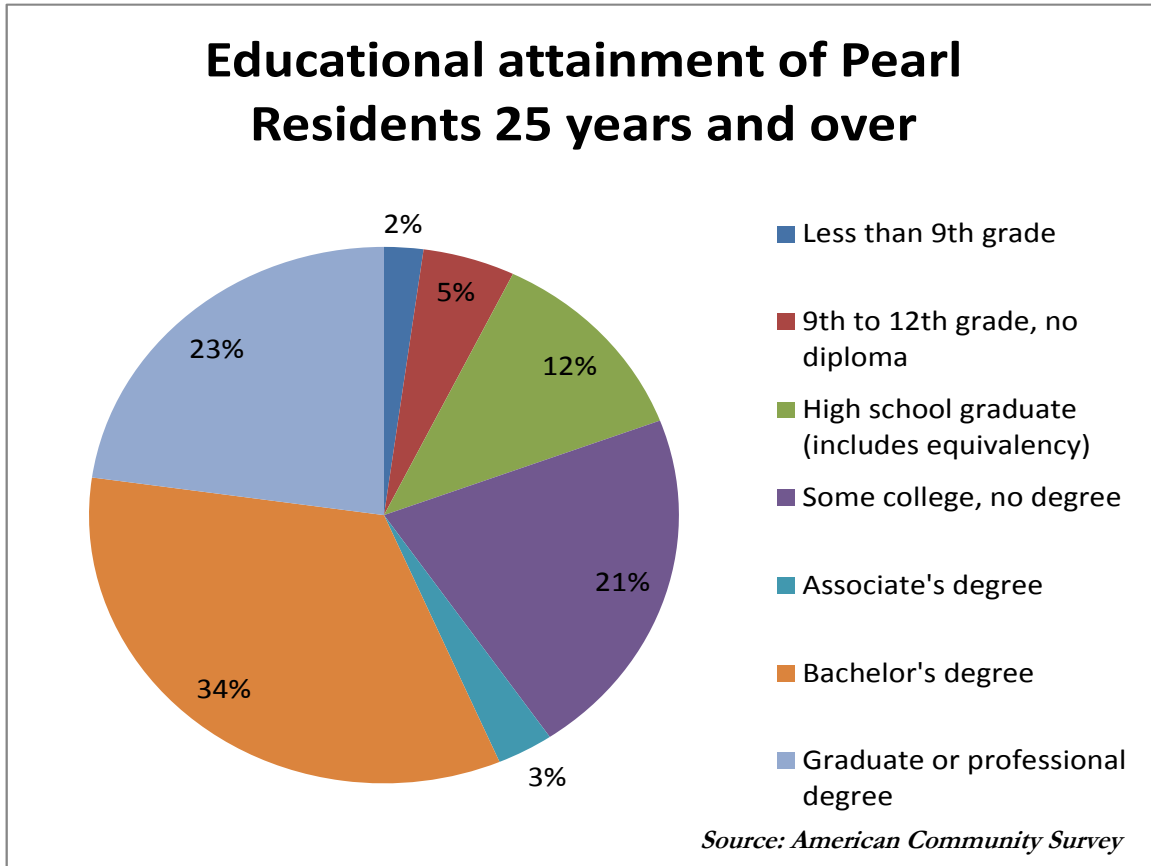
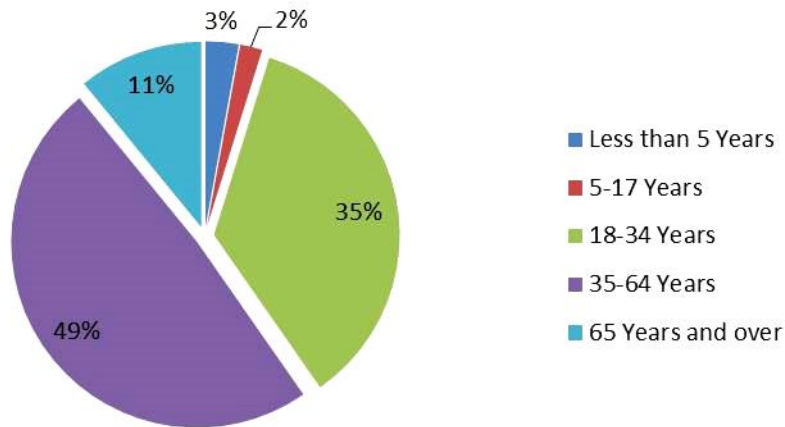


Figure 4: Population Age Distribution

The Pearl District has significantly more adults 18-65 than the Portland region as a whole, and the Pearl has a far smaller proportion of children

Pearl District - Population by Age (2010 Census)



Portland-Beaverton-Vancouver MSA - Population by Age (2010 Census)

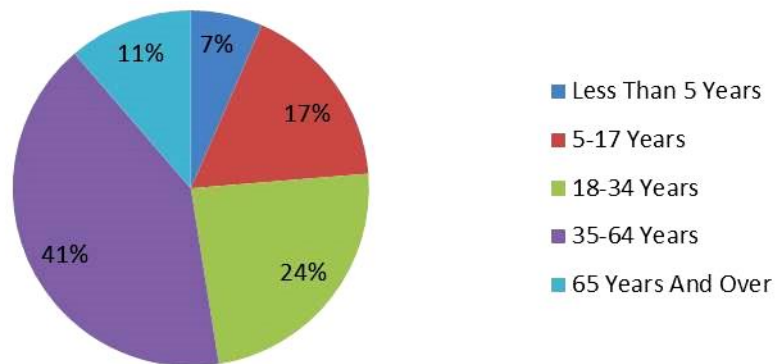




Figure 5: Number of Firms

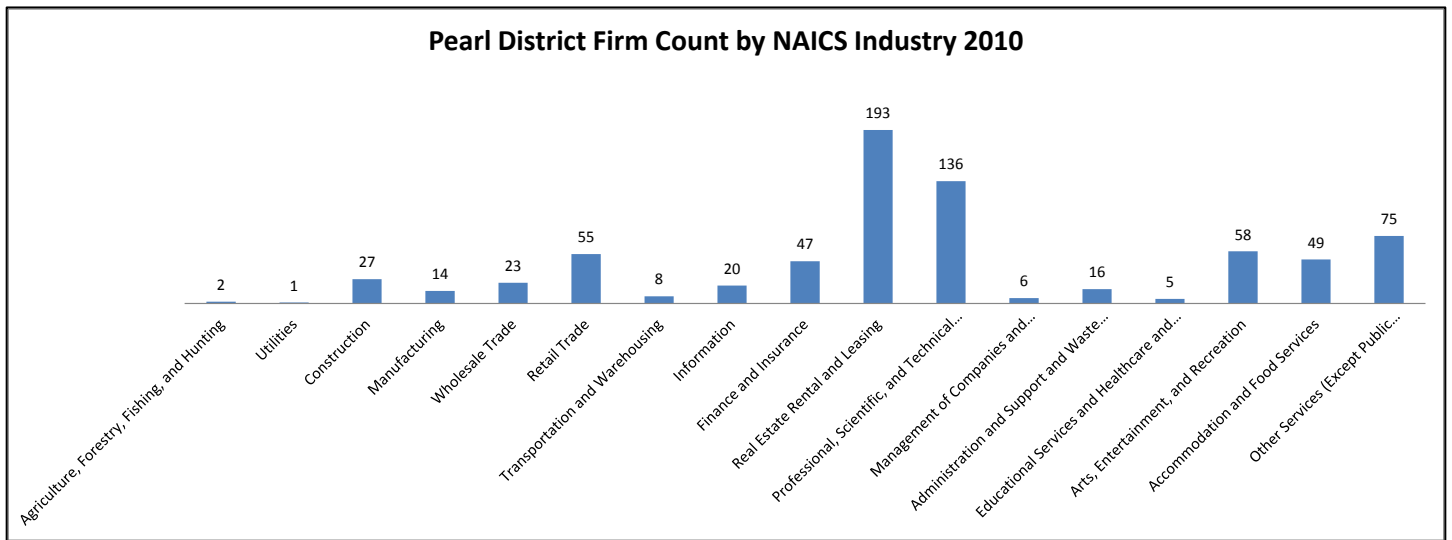


Figure 6: Employment by Industry Over Time

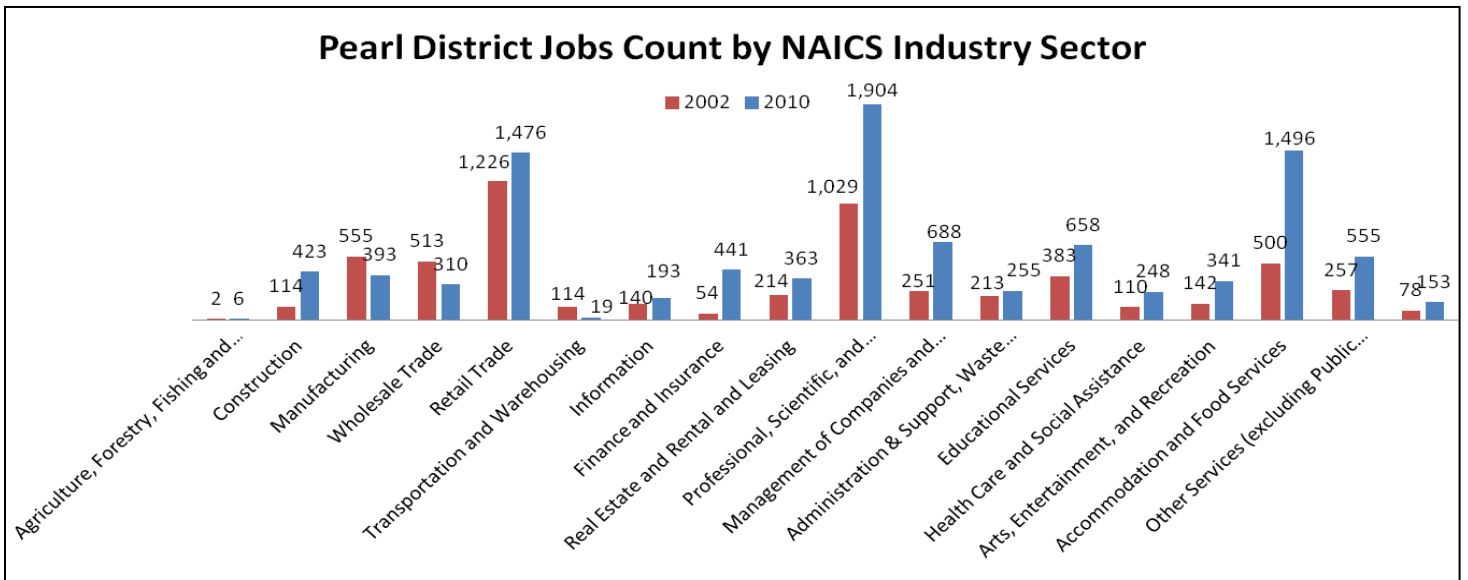
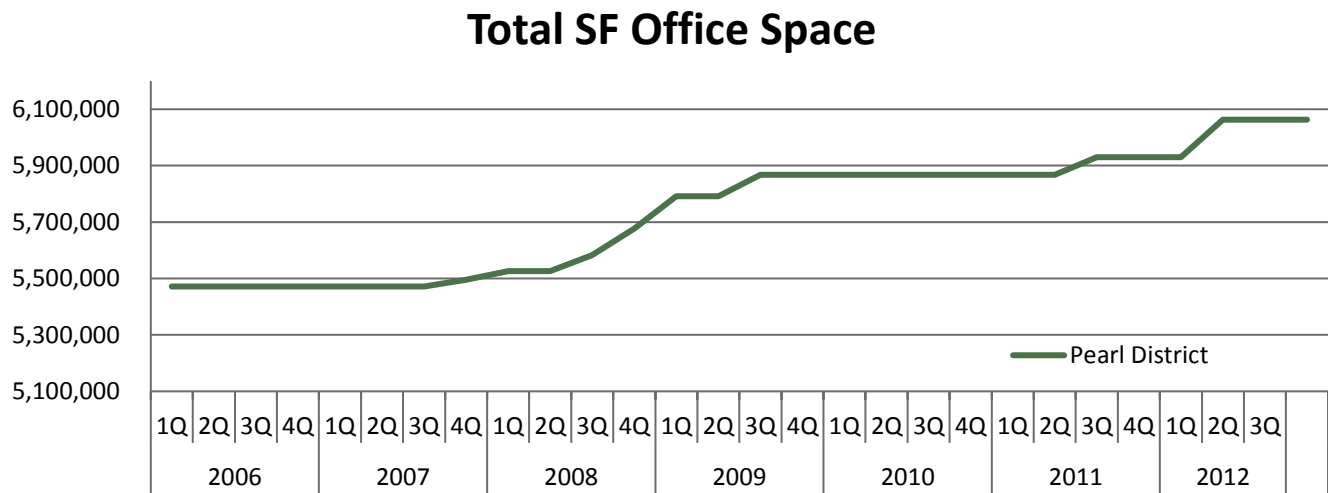
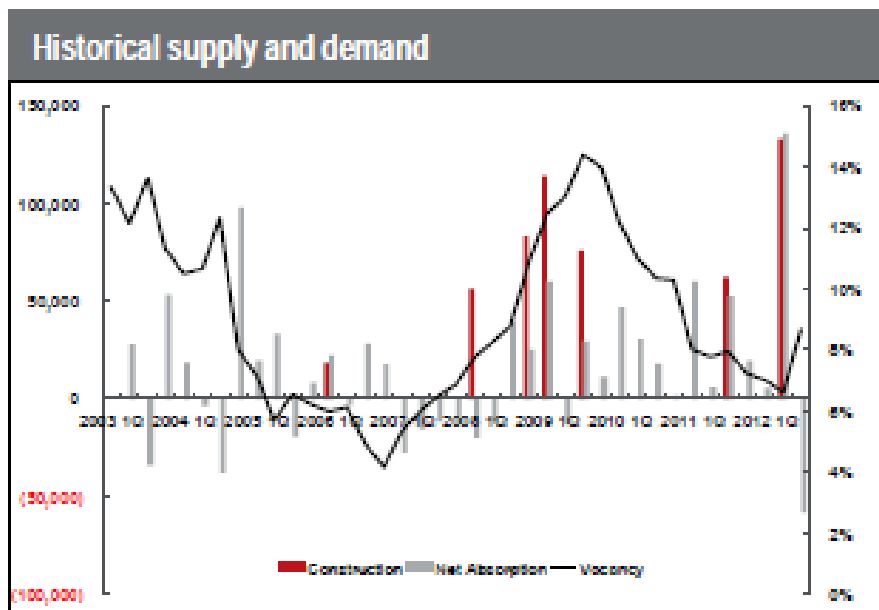


Figure 7: Office Space in the Pearl



Source: CoStar

Figure 8: Office Supply and Demand



Source: CoStar

**Figure 9: Sampling Destinations within the Pearl**

**Art, Theatre, Culture**

Annie Meyer Artwork Gallery  
 The Art Institute of Portland  
 Bullseye Gallery  
 Caplan Art Design  
 Froelick  
 Gallery 903  
 Museum of Contemporary Craft  
 Pearl Gallery and Framing  
 Portland Center Stage

**Eat & Drink**

Andina Restaurant  
 Bluehour  
 BridgePort BrewPub  
 Brix Tavern  
 Cool Moon Ice Cream Company  
 Coppia at Vino Paradiso Wine Bar and Bistro  
 Daily in the Pearl  
 Deschutes Brewery & Public House  
 Eleni's Philoxenia  
 Fratelli  
 The Gilt Club  
 Greenleaf Juicing  
 Henry's 12<sup>th</sup> Street Tavern  
 Hotlips Pizza  
 Irving Street Kitchen  
 Jamison  
 Local Choice Produce Market  
 Lovejoy Bakers  
 Mellow Mushroom Pizza Bakers  
 Metrovino  
 Morso  
 Oba! Restaurant  
 On Deck Sports Bar & Grill  
 Paragon Restaurant and Bar  
 Park Kitchen  
 Piazza Italia  
 Riffle NW  
 Rogue Ales Distillery & Public House  
 Seres Restaurant  
 Sinju Sushi Bar & Grill  
 Sisters Coffee Company  
 Street Car Bistro & Taproom  
 Superjet Wine-Cheese-Beer-Coffee  
 The Teazone & Camellia Lounge  
 Wilfs

**Business to Business**

Ater Wynne LLP  
 Boxer NW Company  
 Ernst & Young  
 The Oregonian  
 Paulson Coletti Trial Attorneys  
 Pearl District Business Association  
 Perkins Coie  
 Robert Evans Company  
 Social Enterprises, Inc

**Health and Wellness**

Asula Chiropractic + Wellness Center  
 Aveda Insitute Portland  
 Barre3  
 Be Smooth Wax and French Skincare  
 Fine Art Massage  
 Firebrand Sports  
 Glow Boutique Salon  
 Hosmer Chiropractic Health  
 Kanani Pearl Spa  
 Max Muscle Sports Nutrition  
 Pearl Pilates Studio  
 Pearl Women's Center  
 Portland Dermatology Clinic  
 Portland Ear Testing Center  
 Studio Blue Pilates  
 Tan Republic  
 The Bar Method  
 The Eye Studio  
 Urban Tan  
 Visage Eyeware  
 Yoga Pearl

**Services**

Car2go  
 Chase Bank  
 Dolan Lending Company  
 Downtown Self Storage  
 Ecotrust  
 Gann Brothers Printing Company  
 Group Insurance PDX  
 Key Bank  
 Pearl Church  
 Pearl District Neighborhood Association  
 The Porch  
 Portland Business Alliance

Poster Garden

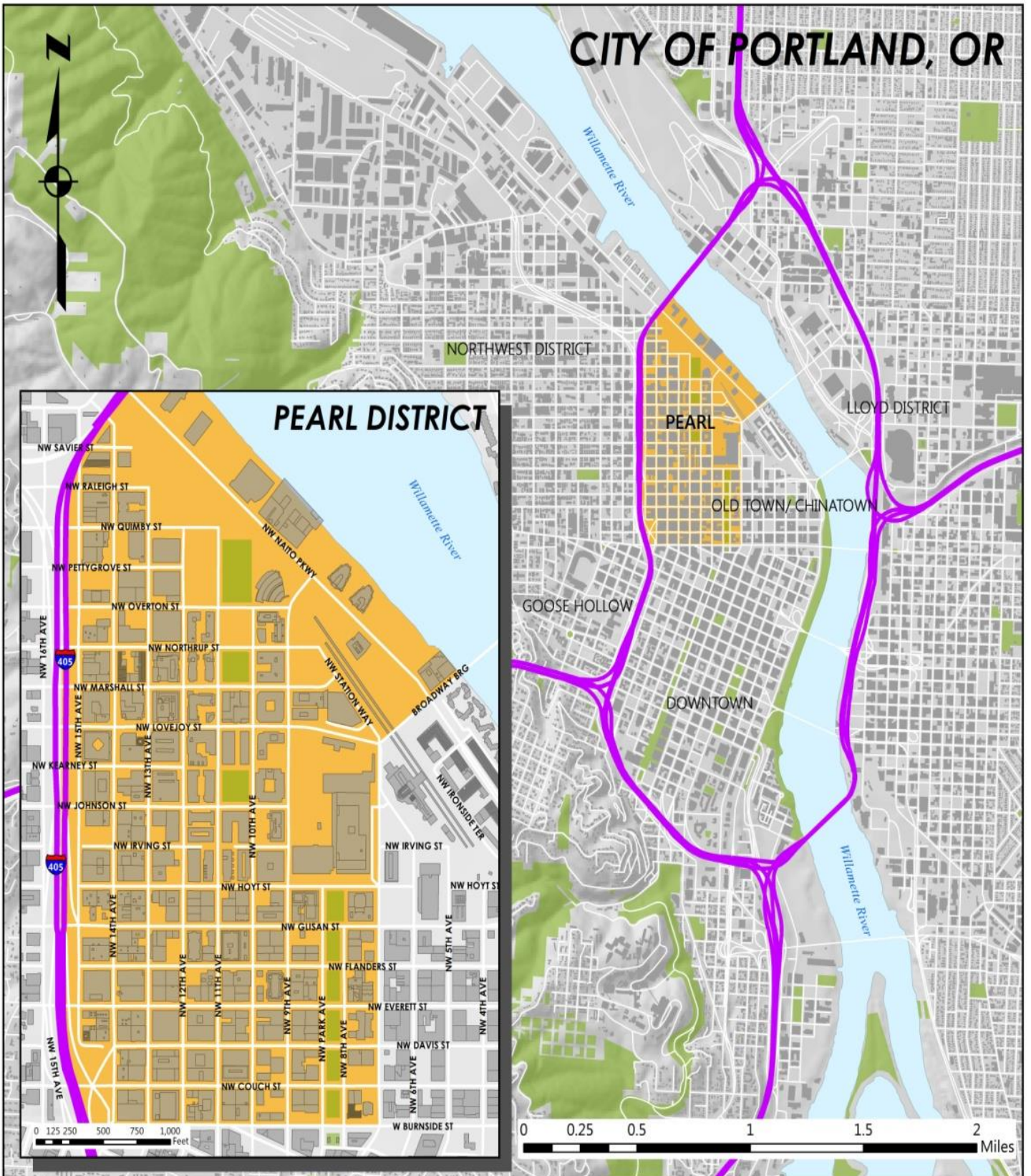
Premium Press  
 Umpqua Bank  
 Urban Studio  
 US Bank  
 US Travel  
 Werner Financial Group  
 West Coast Even Production  
 WeVillage  
 Willamette International Travel  
 Willamette University  
 Winkel Capet Cleaning  
 Zimmerman Community Center

**Shopping**

Alchemy  
 Atelier Exclusively Yours  
 Babette  
 Be Smooth Wax and French Skincare  
 Bonnet  
 Bright Designlab + Hammer & Hand Retail  
 The Dapper Frog  
 Dr. Martens Store  
 Ecovibe Apparel  
 Eden  
 Encore Audio Studio  
 Filson  
 Garnish  
 Hanna Anderson  
 House of Lolo  
 Icebreaker Touch Lab  
 Imelda's Shoes and Louie's Shoes for Men  
 Keen  
 Leanna NYC  
 Lexidog Boutique and Social Club  
 Lizard Lounge  
 Mabel and Zora  
 Nopal Home  
 Oblation Papers & Press  
 Pearl Fiber Arts  
 Penzeys Spices  
 Physical Element  
 Powell's Books  
 Rebel Jeweler  
 REI  
 Silkwood

Source: <http://explorethepearl.com>

Figure 10: The Pearl District



Map produced by Jeremy R. Young, Institute of Portland Metropolitan Studies, Portland State University, 2012.



Figure 10: The Pearl District



3d land use GIS model | predominant ground floor use  
October 1, 2009



City of Portland Bureau of  
Planning and Sustainability  
Sam Adams, Mayor | Susan Anderson, Director

NORTH 0 250 500 Feet

Source: Boundary

**Table 1 - Median Household Income**

Median Household Income	Pearl District	Portland MSA	Oregon	Nation
	\$55,554	\$54,921	\$49,260	\$51,914
*Median household income for the Pearl District in census tract 50 is \$79,375 and in census tract 51 is \$31,734. The number reported is the average, which is the average of 2006-2010. Margin of error in sampling can be quite large for small census tracts.				
<i>(Source: American Community Survey)</i>				

**Table 2 – Housing Units by Occupancy/Vacancy**

Table 2 shows the housing occupancy by select adjoining neighborhoods and the greater Portland area as a whole. The Pearl District has significantly more owner occupied housing and larger portion of seasonal ownership.

2010	Occupied housing units			Vacant housing units			
	Owned with a mortgage or a loan	Owned free and clear	Renter occupied	For rent	For sale only	Seasonal-Recreational	Other
Downtown	765	334	6,171	576	68	339	100
Goose Hollow	627	235	3,459	236	44	86	91
Lloyd District	43	8	640	57	6	12	6
Northwest District	1,583	431	6,492	376	201	181	156
Old Town-Chinatown	116	13	1,835	73	14	52	34
Pearl	1,191	302	2,699	327	272	410	114
*Portland	133,502		16,893	7,067	6,491	3,335	

2010	Occupied housing units			Vacant housing units			
	Owned with a mortgage or a loan	Owned free and clear	Renter occupied	For rent	For sale only	Seasonal-Recreational	Other
Downtown	11%	5%	85%	53%	6%	31%	41%
Goose Hollow	15%	5%	80%	52%	10%	19%	39%
Lloyd District	6%	1%	93%	70%	7%	15%	22%
Northwest District	19%	5%	76%	41%	22%	20%	37%
Old Town-Chinatown	6%	1%	93%	42%	8%	30%	50%
Pearl	28%	7%	64%	29%	24%	37%	47%
*Portland	89%		11%	42%	38%	20%	

\*Note: Portland housing data was not able to be separated by type of ownership and by seasonal-recreational vacancy

*(Source: 2010 Census)*



**Table 3: Share of Jobs Comparison**

<b>Percentage Share of Total Jobs for Selected NAICS Codes for Portland-Vancouver CBSA and Portland's Pearl District Neighborhood</b>			
<b>Selected NAICS 2010</b>	<b>Share of Total Portland- Vancouver- Hillsboro CBSA Jobs</b>	<b>Share of Total Pearl District Jobs</b>	<b>Percentage Point Difference between CBSA Share and Pearl Share</b>
Accommodation and Food Services	7.60%	15.10%	7.5%
Arts, Entertainment, and Recreation	1.50%	3.40%	1.9%
Retail Trade	10.60%	14.90%	4.3%
Professional, Scientific, and Technical Services	5.90%	19.20%	13.3%
Management of Companies and Enterprises	2.30%	6.90%	4.6%
Finance and Insurance	4.20%	4.40%	0.2%
Real Estate and Rental and Leasing	1.80%	3.70%	1.9%

*Source: LEHD, US Census*