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Pearl District Market Study

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Acknowledgements

Contribution of the Pearl District Market Study

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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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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."\(^1\)

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.

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

Population Change (1990-2010 Census)

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.
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 exploretethepearl.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 6th and 5th 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 6th 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.
Figure 3: Educational Attainment

Educational attainment of Pearl Residents 25 years and over

- Less than 9th grade
- 9th to 12th grade, no diploma
- High school graduate (includes equivalency)
- Some college, no degree
- Associate's degree
- Bachelor's degree
- Graduate or professional degree

Source: American Community Survey
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.
Figure 5: Number of Firms

Figure 6: Employment by Industry Over Time
Figure 7: Office Space in the Pearl

Total SF Office Space

[Graph showing total SF office space over time with Pearl District highlighted.]

Source: CoStar

Figure 8: Office Supply and Demand

[Graph showing historical supply and demand with bars indicating construction, net absorption, and vacancy rates.]

Source: CoStar
Figure 9: Sampling Destinations within the Pearl

**Art, Theatre, Culture**
- Annie Meyer Artwork Gallery
- The Art Institute of Portland
- Bulsseye Gallery
- Caplan Art Design
- Froelick
- Gallery 903
- Museum of Contemporary Craft
- Pearl Gallery and Framing
- Portland Center Stage

**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

**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 12th Street Tavern
- Hotlips Pizza
- Irving Street Kitchen
- Jamison
- Local Choice Produce Market
- Lovejoy Bakers
- Mellow Mushroom Pizza Bakers
- Metrovino
- Morso
- Oba! Restaurante
- 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

**Health and Wellness**
- Aveda Chiropractic + Wellness Center
- 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

**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
- Nobal Home
- Oblation Papers & Press
- Pearl Fiber Arts
- Penzey’s Spices
- Physical Element
- Powell’s Books
- Rebel Jeweler
- REI
- Silkwood

Source: http://explorethepearl.com
Figure 10: The Pearl District
Figure 10: The Pearl District

Source: Boundary
Table 1 - Median Household Income

<table>
<thead>
<tr>
<th>Median Household Income</th>
<th>Pearl District</th>
<th>Portland MSA</th>
<th>Oregon</th>
<th>Nation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$55,554</td>
<td>$54,921</td>
<td>$49,260</td>
<td>$51,914</td>
</tr>
</tbody>
</table>

*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.

(Source: American Community Survey)

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.

<table>
<thead>
<tr>
<th></th>
<th>Occupied housing units</th>
<th>Vacant housing units</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Owned with a mortgage or a loan</td>
<td>Owned free and clear</td>
</tr>
<tr>
<td>Downtown</td>
<td>765</td>
<td>334</td>
</tr>
<tr>
<td>Goose Hollow</td>
<td>627</td>
<td>235</td>
</tr>
<tr>
<td>Lloyd District</td>
<td>43</td>
<td>8</td>
</tr>
<tr>
<td>Northwest District</td>
<td>1,583</td>
<td>431</td>
</tr>
<tr>
<td>Old Town-Chinatown</td>
<td>116</td>
<td>13</td>
</tr>
<tr>
<td>Pearl</td>
<td>1,191</td>
<td>302</td>
</tr>
<tr>
<td>*Portland</td>
<td>133,502</td>
<td>16,893</td>
</tr>
</tbody>
</table>

(Source: 2010 Census)

*Note: Portland housing data was not able to be separated by type of ownership and by seasonal-recreational vacancy.
Table 3: Share of Jobs Comparison

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

*Source: LEHD, US Census*