

Executive Summary

Reference: Residential and Retail Market Analysis: Umatilla Market Analysis Report_2018_Portland

BY

LaTaunynia Campbell

Mark Fisher

Jesse Pollard

Geoffrey Taylor

Portland State University



SITE AND AREA INTRODUCTION:

The City of Umatilla is in eastern Oregon and resides within the County of Umatilla. The City has a population of 7,425 and is bordered by the Columbia River to the north and the Umatilla River in the west; both are excellent sources of fishing and recreational activities. The city of Umatilla's commercial district is located along 6th street/US 730, a heavily traveled route carrying goods and services to and from outlying farms and adjacent towns, to include the I-82/730 interchange weigh station, the highway's busiest intersection serving 11,800 vehicles daily, and I-82 Freeway. Notably, the I-82 Freeway links Oregon with Washington to Tri-cities 30 miles north and to I-84 interstate, 12 miles south. [Sources: US 730 Corridor Refinement Plan - October 2007, I-82/US 730 Interchange Area Management Plan - September 2011 and Wikipedia]

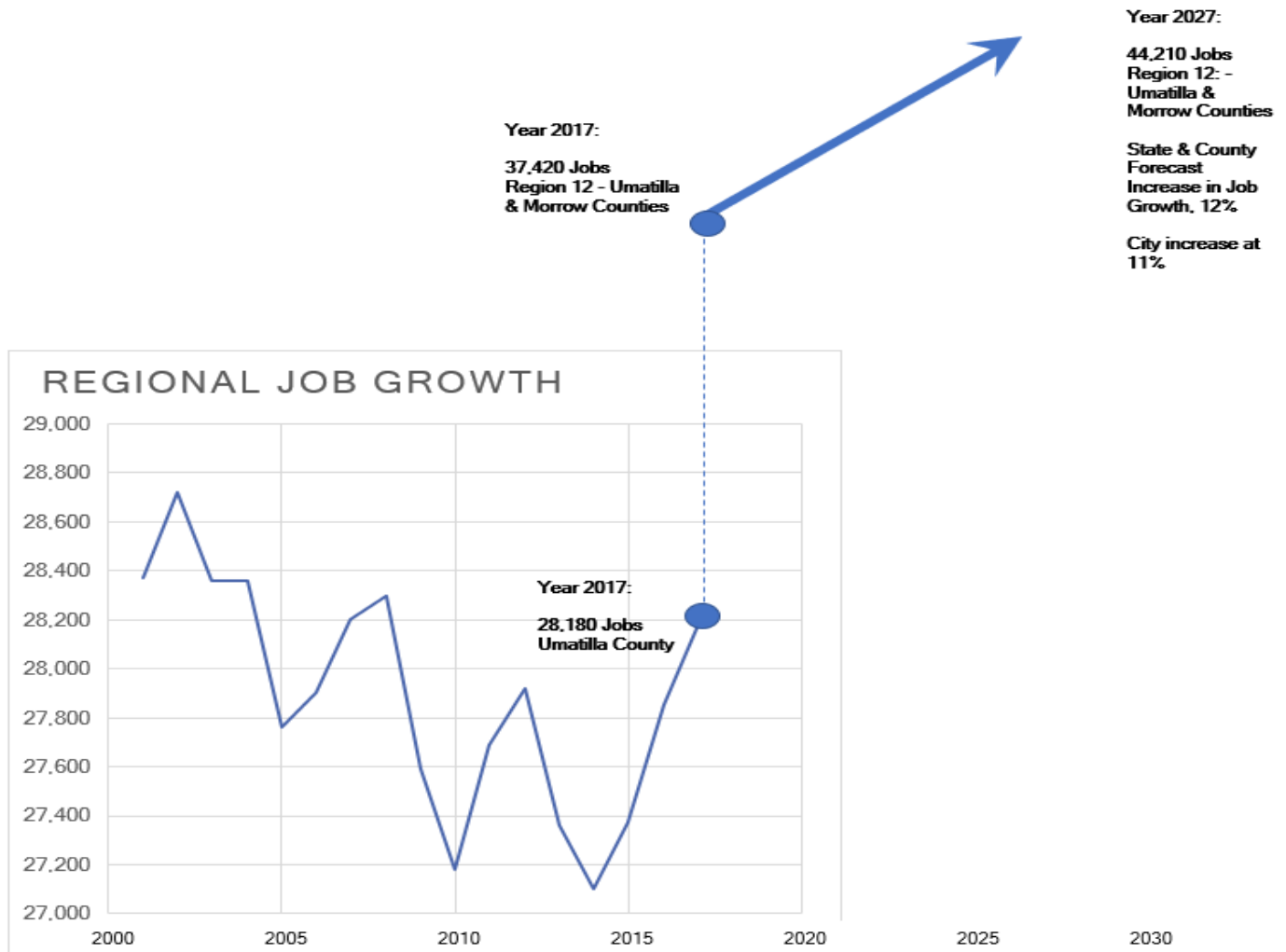
ECONOMIC, EMPLOYMENT AND POPULATION TRENDS:

Since 2001, cyclical data would suggest that Umatilla County employment has been in an overall decline yet, the current strength of the US and regional economies, record unemployment rates, investments in local area Ports, multiple Amazon data centers in operation or under construction and government deregulation of the agriculture sector, will most likely disrupt the negative trends and the slow recovery experienced by Umatilla County and the city of Umatilla in the past. Overall job recovery, since the great recession should surpass great recession conditions by 2020. [Source: <https://geodc.net>]

The counties strongest trending employment industries are within Agriculture and Forestry at 17.4% of trending employment followed by: Manufacturing (14.4%) and Education/Health Services (13.2%). The lowest trending jobs are within Information (.6%), Finance (.7%) and Construction (1.7%).

The major occupational areas are Transportation and Material Handling at 18.9% with a majority of those jobs located at the Port of Umatilla followed by Agriculture and Fishing (14.2%), and Office and Administrative (10.2%). Health Care Support has the least amount of jobs available (.5%), followed by Construction (.7%), and Personal Care and Services (2.7%).

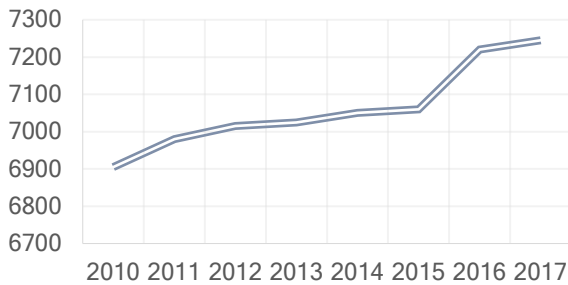
Job growth is expected to increase 12% by 2027 at the state and regional levels (Region 12 is combination of Morrow and Umatilla Counties). Job growth for the city of Umatilla is forecasted to increase by 11% during this same period. [Source: Oregon Employment Dept.]



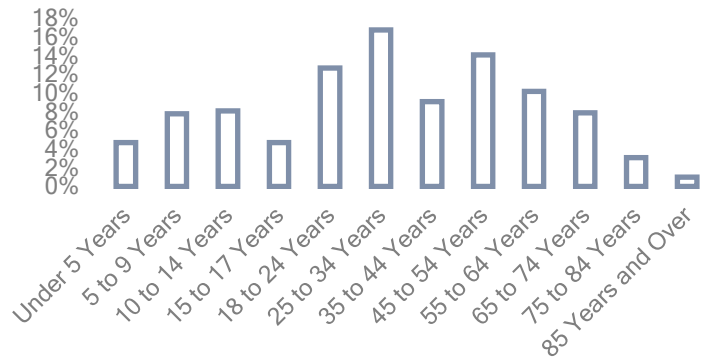
The city of Umatilla’s population grew by apx 1.3% in 2017 with an average median age of 31. Males are 46% of residents and females are 56%. Majority of residents identify as either Hispanic (42.7%) or White (48.7%). Annual change in population growth from year to year from since the 2010 census has been 0.8%. With population growth from the 2000 census to the 2010 census being 28%. [Source: US Census, ACS 2016 (5-Year Estimates) and PSU Population Center - Oregon State University Extension Service]

Within the population of Umatilla, the household types and sizes suggest a shortage of multifamily development, with almost 30% of the population in the traditional renters category. The largest demographics are split between the 25-34 range (traditionally renters) and the 45-54 range (traditionally homeowners). The third largest grouping are the 18-24 range (traditionally renters). The numbers point to a need for multifamily development in the city of Umatilla. [Source: US Census, ACS 2016 (5-Year Estimates)]

POPULATION



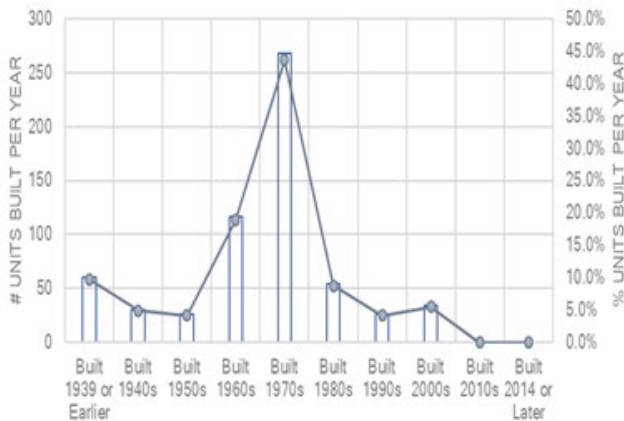
POPULATION: AGE DISTRIBUTION



RESIDENTIAL HOUSING MARKET ANALYSIS:

The city of Umatilla's tenure breakdown is 58% home owners compared to 42% that rent. Most rental units built are for single residents i.e. 1 - unit detached housing is 25.5% of units built. Mobile rental housing is 21.5% of units built. The remaining units built are small, multi-unit residences, mostly less than 20 units, making up total of 40+% of rental units built. Since 2010, 20 rental, manufactured homes have been built within the city of Umatilla. Prior to recent building, most of the housing stock was built in the 1960-70's. [Source: US Census, ACS 2016]

YEAR BUILT, RENTAL HOUSING



Umatilla's downtown residential Primary and Competitive Market Areas (PMA/CMA), at the time of this research, had to be expanded to the cities of Hermiston and Boardman since only one rental property was found to be under construction. The expanded PMA/CMA included all of Umatilla, the cities of Boardman and Hermiston, to provide a more realistic assessment of competition and the pool of potential residences from the expanded geographical area.

The area Competitive Market Area reveals that housing is limited and comparables were difficult to find, suggesting that new construction has the potential to be absorbed quickly. According to the US census the average median

rental prices for: 1-bdrm is \$573, 2-bdrm \$764 and 3-bdrm at \$797. Area comparable median rent prices for: 1-bdrm is \$739, 2-bdrm \$872 and 3-bdrm \$1,106.

Additionally, median gross rent remained nearly static from 2012 to 2016 with a slight downward trend of 2% over 5 years while average gross rents showed gains of 2%. [\[Sources: US Census, ACS 2016 \(5-Year Estimates\)\]](#)

Census data of Umatilla’s comparative housing characteristics’ lists the estimates for housing occupancy over two periods: 2007- 2011 and 2012 - 2016. The rental vacancy rate from 2007-2011 was 7.5% and the homeowner vacancy rate was 3.8%. 2012 - 2016 reveals a rental vacancy rate of 0% and the homeowner vacancy rate dropping to 2.7%. [\[Source: US Census, American Fact Finder - Comparative Housing Characteristics 2012 - 2016 ACS Survey 5-year Estimates and property owners\]](#)

RESIDENTIAL DEMAND ANALYSIS:

HOUSEHOLD GROWTH

HOUSEHOLD TRENDS, 2010-2018, 2018-2023					
	2010	2018	% Change 2010-2018	2023	% Change 2018-2023
Population	6,906	6,995	1.29	7,258	3.76
Households	1,722	1,764	2.44	1,837	4.14
Families	1,276	1,307	2.43	1,360	4.05
Housing Units	1,854	1,899	2.43	1,973	3.90

The growth in the number of households has increased by 2.44% since 2010 and is projected to increase 4.14% by 2023. The sizes of households are expected to be constant, with 2-person households staying about 30% of the population up to 2023. This growth in the number of households can be translated to growth in renter-based households over the next five years, which has been calculated in the Residential Demand Analysis Table below. Umatilla will need 949 rental units over the next five years to accommodate this rental housing demand. Investment in making downtown a place to live and work will help keep this growth in town instead of leaking to surrounding communities. [\[Source: Environics Analytics: Umatilla, Oregon - Umatilla, OR \(city\) 2018, Market Data Report\]](#)

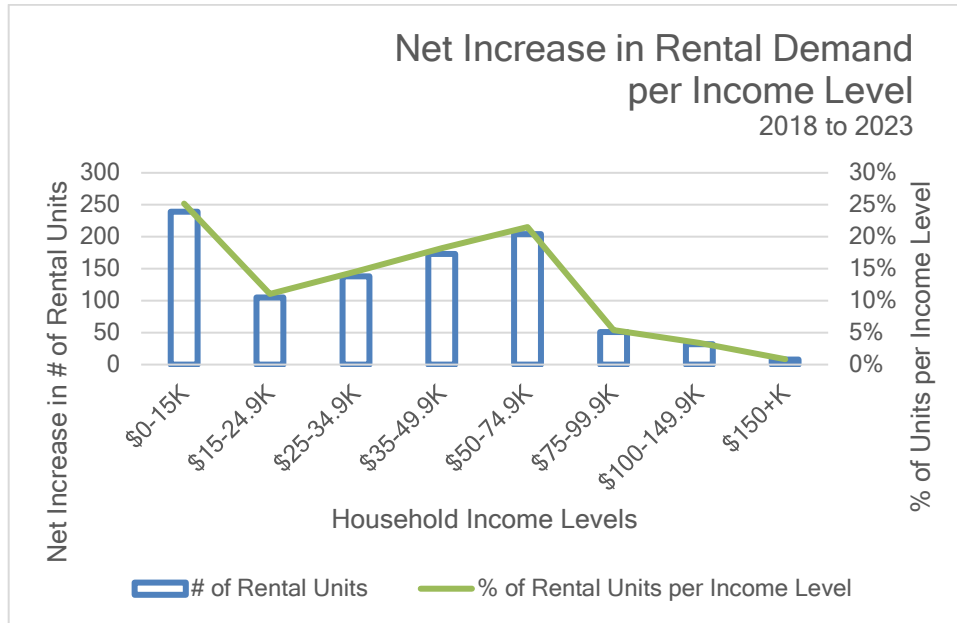
RESIDENTIAL DEMAND ANALYSIS TABLE

				# HH (2018 estimates)	2023 projected increase	Assumed Tenure Split		Net Increase			
						Total	%	Owner	Renter	Total	Owner
Total Households by Income											
Income	\$	-	to	\$15,000	273	14.04%	23.1%	76.9%	311	72	239
Income	\$15,000	to	\$24,999	147	7.68%	33.8%	66.2%	158	54	105	
Income	\$25,000	to	\$34,999	189	8.49%	32.7%	67.3%	205	67	138	
Income	\$35,000	to	\$49,999	250	14.15%	39.3%	60.7%	285	112	173	
Income	\$50,000	to	\$74,999	410	21.12%	59.0%	41.0%	497	293	204	
Income	\$75,000	to	\$99,999	191	12.57%	76.4%	23.6%	215	164	51	
Income	\$100,000	to	\$149,999	167	11.75%	83.0%	17.0%	187	155	32	
Income	\$150,000	to		137	10.18%	94.9%	5.1%	151	143	8	
Total/Weighted Average					1,764	100.00%	67.3%	32.7%	2009	1060	949
All Rental Housing Income Range					Net Increase	Affordable Rents/					
						Minimum	Maximum				
Income	\$	-	to	\$15,000	239	\$	-	to	\$	375	
Income	\$15,000	to	\$24,999	105		\$	375	to	\$	625	
Income	\$25,000	to	\$34,999	138		\$	625	to	\$	875	
Income	\$35,000	to	\$49,999	173		\$	875	to	\$	1,250	
Income	\$50,000	to	\$74,999	204		\$	1,250	to	\$	1,875	
Income	\$75,000	to	\$99,999	51		\$	1,875	to	\$	2,500	
Income	\$100,000	to	\$149,999	32		\$	2,500	to	\$	3,750	
Income	\$150,000	to		8		\$	3,750	to	\$	-	
Total/Weighted Average					949						

*based on 30% income

RESIDENTIAL MARKET ANALYSIS SUMMARY:

Downtown is the core of any thriving city and Umatilla would benefit significantly from an increase of residential living in the downtown area. As mentioned above, over the next five years, Umatilla will see a 4.14% increase in the number of households and a demand for 949 rental units. 90.5% of this rental unit demand will be at income levels between \$0-75,000 and projected affordable rent range of \$375 - \$1875 per month. Average household income (2016 estimates) is \$69,171. Median household income (2016 estimates) is \$51,380. [Sources: US Census, ACS 2016 (5-Year Estimates)] Downtown residential growth will increase the tax base while supporting new and established retail.



It is recommended that downtown residential redevelopment address residential density, and both housing type and tenure diversity. Supportive housing efforts for the migrant community should be formalized as an element of downtown redevelopment along with other housing need identified.

A few impediments exist to new development within the Umatilla area: the financial/social burden of replacing older, existing structures with newer, but still, affordable ones, and the lack of incentive for developers to invest in Umatilla's downtown due to not being able to recover investment because of low zoning density requirements.

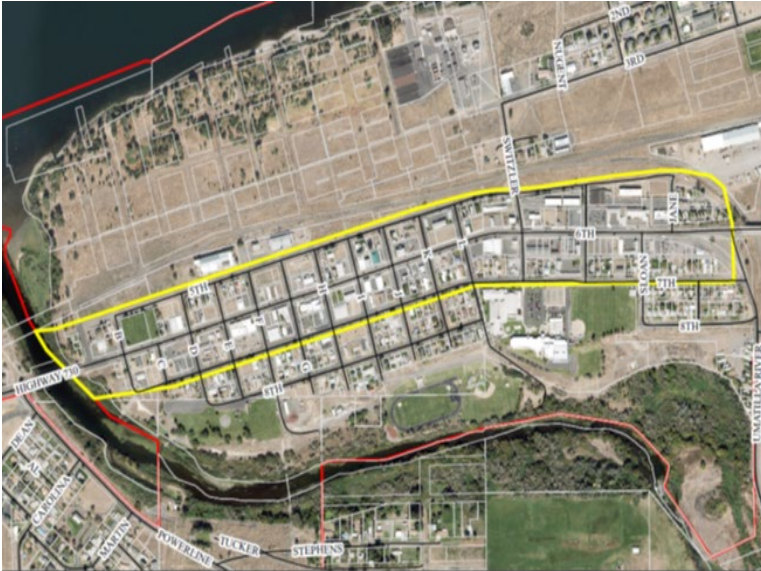
Some methods that exist and should be considered to incentivize population growth (encouraging density, housing variety and tenure variety) in the downtown core:

- Encourage live/work spaces in the DC zone.
- While maintaining storefront and commercial use on the main street through a conditional use permit allow residential use on the ground floor of the DC zone (could be behind/side of retail buildings fronting 6th Street).
- Allow for higher density to incentivize downtown residences.
- In the DR zone allow for smaller minimum lot sizes. This would incentivize attached residences construction and increased density, allowing development to overcome the financial burdens and bring lower cost housing.
- Allow housing type diversity. Currently the city is exploring allowing Accessory Dwelling Units (ADUs) per zoning. Multi-unit and -sized housing strategies should be encouraged in the downtown.

Some methods to be considered to encourage housing development quality:

- Form based code/design overlay strategies
- Landscape overlay - maybe encouraging pocket park development in the downtown neighborhoods, connecting green space to existing area parks and trails

RETAIL MARKET ANALYSIS:



The Competitive Market Area for this study is the downtown retail core, spanning 1.5 miles along 6th Street/Hwy 730. This area is highlighted in yellow in the map to the right.

Our Primary Market Area (PMA) includes the two regional retail centers of Hermiston and Tri-Cities: Drive time to Hermiston is 12 minutes and drive time to the Tri-Cities is 34 minutes. We also had to expand our PMA because, at the time of this study, we found only one, off the market comparable within the Umatilla County which had an undesirable cap rate of 30%.

RETAIL COMPETITIVE DEMAND ANALYSIS:

Umatilla's population has increased by 1.29% since 2010 and is projected to increase 3.76% by 2023. Area average and median incomes are also projected to increase by 2023 as more households enter middle-income levels. [Source: Environics Analytics: Retail Market Power 2018, Market Data Reports, August 2018]

Retail Spending & Space Demand Growth: 2018-2023

Trade Area: Umatilla, OR

Benchmark: Oregon

	2018 Spending (\$millions)	2023 Spending (\$millions)	←Growth→		Sales Support Factor (Sales per sq.ft.)	5-Year Retail Space Growth (sq.ft.)
			5-Year Spending Growth (\$millions)	Compound Annual Growth Rate (%)		
Motor vehicle and parts dealers (NAICS 441)	\$14.8	\$17.7	\$2.8	3.5%	\$240	11,773
Furniture and home furnishings stores (NAICS 442)	\$1.2	\$1.4	\$0.2	3.0%	\$280	703
Electronics and appliance stores (NAICS 443)	\$1.2	\$1.4	\$0.2	3.0%	\$430	428
Building materials/garden equipment/supplies dealers (NAICS 444)	\$4.5	\$5.3	\$0.8	3.4%	\$230	3,507
Food and beverage stores (NAICS 445)	\$10.0	\$11.5	\$1.5	2.9%	\$490	3,126
Health and personal care stores (NAICS 446)	\$4.3	\$4.9	\$0.7	3.0%	\$310	2,179
Gasoline stations (NAICS 447)	\$6.8	\$7.9	\$1.1	3.0%	\$350	3,142
Clothing and clothing accessories stores (NAICS 448)	\$3.1	\$3.5	\$0.5	2.8%	\$310	1,460
Sporting goods/hobby/musical instrument/book stores (NAICS 451)	\$1.2	\$1.4	\$0.2	3.4%	\$200	1,093
General merchandise stores (NAICS 452)	\$9.3	\$10.7	\$1.4	2.9%	\$340	4,201
Miscellaneous store retailers (NAICS 453)	\$1.5	\$1.8	\$0.3	3.1%	\$300	847
Non-store retailers (NAICS 454)	\$7.7	\$9.0	\$1.2	3.0%	---	---
Food services and drinking places (NAICS 722)	\$9.0	\$10.3	\$1.3	2.8%	\$469	2,796
Totals Including food and drink (NAICS 44, 45 and 722)	\$74.7	\$86.9	\$12.2	3.1%	\$346	35,256

Total retail trade spending activity for Umatilla in 2018 (including dining and beverages) can be summarized as follows:

- **Total Retail Spending by Umatilla Residents:** \$74.7 million total. The location of this spending obviously includes Umatilla, but also other shopping opportunity including Hermiston, Tri-Cities and elsewhere.
- **Total Retail Sales Within the City of Umatilla:** \$17.7 million (23.7% of total resident spending).
- **Umatilla Retail Sales Gap:** At least \$58 million (76.3%) of Umatilla resident spending is not occurring in Umatilla. This percentage represents the amount of money Umatilla residents are spending in surrounding area cities, instead of within the city of Umatilla.

From on-site interviews, residents communicated that they shop for basics goods outside of the city because of the draw of large grocery, retail support/supplies and shopping malls, which leads to other purchases while at those retail developments outside of Umatilla. [Source: [Environics Analytics: Retail Market Power 2018, Market Data Reports, August 2018](#)].

RETAIL MARKET ANALYSIS SUMMARY:

Total Retail Demand has been calculated in the table below from growth and leakage analysis numbers. Per each major retail category, the total amount of square footage of retail space that can be absorbed over the next five years has been found. Categories where downtown Umatilla can compete should be economically to scale, i.e. downtown Umatilla should not try to replicate national retail chains or larger offering located in the surrounding, competing retail centers. Key findings are:

- **New Umatilla Resident Spending Growth:** Over the next five years, growth in Umatilla population will drive demand for an estimated 35,256 square feet of new retail space that the City of Umatilla should seek to capture downtown with different strategies, some of which are suggested in the conclusions of this report.
- **Current Retail Spending Leakage Demand:** At present, spending by Umatilla residents outside of the City of Umatilla amounts to 187,030 square feet of retail space developed outside the City that at least in part could be attracted back to Umatilla with City economic development actions.
- **Total 5-Year Market Depth:** The City of Umatilla has the opportunity to attract some portion of nearly 222,300 square feet of retail space demand back to Umatilla with City policy actions.

Gross retail demand numbers are reported above, but it is recommended that the majority of the city's downtown retail business be niche within the following categories: food and beverage/food services and drinking places; (specialty) health and personal care; (specialty) clothing and clothing accessories; Sporting goods and hobby; and general merchandise. For example, both combined food categories have a total retail demand over the next 5 years of 27,028 square feet. That can be about one 5,400 square foot food establishment built annually over the next 5 years if current trend continues, though Umatilla can "bend the curve" with concerted City and community development effort. Also of note, Umatilla residents are spending \$7.74 million on ecommerce retail (highlighted Non-store Retailers in the table below), which is a major source of retail leakage for the city. There is opportunity for the city to partner with the Chamber of Commerce and survey residents on needed citywide services/retail to help curb this leakage. [Source: [Environics Analytics:](#)

Retail Market Power 2018, Market Data Reports, August 2018, A detailed breakdown of each retail category is available within these market data reports].

Retail Space Demand Analysis - 5-Year Growth & Spending Leakage Recovery

Trade Area: Umatilla, OR

Benchmark: Oregon

Retail Spending Category (North American Industrial Classification System)	←Leakage Analysis→					Total Market Depth	
	2018 Spending by Umatilla Residents (\$millions)	2018 Total Spending Within City of Umatilla (\$millions)	2018 Retail Sales Leakage from City of Umatilla (\$millions)	Sales Support Factor (Sales per sq.ft.)	2018 Retail Space Leakage Supported Outside Umatilla (sq.ft.)	5-Year Resident-Supported Retail Space Growth (sq.ft.)	5-Year Retail Space Market Depth for Umatilla (sq.ft.)
Motor vehicle and parts dealers (NAICS 441)	\$14.84	\$3.52	(\$11.32)	\$240	47,150	11,773	58,923
Furniture and home furnishings stores (NAICS 442)	\$1.24	\$0.02	(\$1.22)	\$280	4,360	703	5,063
Electronics and appliance stores (NAICS 443)	\$1.17	\$0.38	(\$0.79)	\$430	1,850	428	2,278
Building materials/garden equipment/supplies dealers (NAICS 444)	\$4.47	\$1.94	(\$2.53)	\$230	11,000	3,507	14,507
Food and beverage stores (NAICS 445)	\$9.97	\$6.92	(\$3.05)	\$490	6,230	3,126	9,356
Health and personal care stores (NAICS 446)	\$4.27	\$0.23	(\$4.04)	\$310	13,030	2,179	15,209
Gasoline stations (NAICS 447)	\$6.84	\$0.46	(\$6.38)	\$350	18,220	3,142	21,362
Clothing and clothing accessories stores (NAICS 448)	\$3.07	\$0.00	(\$3.07)	\$310	9,890	1,460	11,350
Sporting goods/hobby/musical instrument/book stores (NAICS 451)	\$1.21	\$0.05	(\$1.16)	\$200	5,790	1,093	6,883
General merchandise stores (NAICS 452)	\$9.30	\$0.00	(\$9.30)	\$340	27,360	4,201	31,561
Miscellaneous store retailers (NAICS 453)	\$1.55	\$0.00	(\$1.55)	\$300	5,160	847	6,007
Non-store retailers (NAICS 454)	\$7.74	\$0.00	(\$7.74)	\$350	22,120	---	22,120
Food services and drinking places (NAICS 722)	\$9.02	\$2.05	(\$6.98)	\$469	14,870	2,796	17,666
Totals Including food and drink (NAICS 44, 45 and 722)	\$74.69	\$15.56	(\$59.13)	\$346	187,030	35,256	222,286

CONCLUSION: INTEGRATED RESIDENTIAL-RETAIL REDEVELOPMENT STRATEGY

This market analysis for downtown Umatilla found the following:

- Significant rental housing demand at a wide variety of affordability levels over the next five years citywide, a portion of which can and should occur downtown; and
- Considerable retail sales leakage occurring outside of Umatilla, where city residents are spending far more of their dollars in other places like Hermiston and other ways, like ecommerce, due to lack of local offerings.

Residential and retail growth happen side-by-side in a chicken-and-egg fashion.

1. Growing population requires more housing, which then drives new retail development to capture that spending.
2. New retail and services offerings are an amenity for households - and businesses - to be reasonably close to for day-to-day convenience, which grows housing in a particular place along with jobs close by.

In thinking about future growth, the City of Umatilla's competitive advantages include:

- Location near two major area rivers with regionally attractive fishing and outdoor activities
- Location near area freeway systems and through traffic
- Being a border city located on the advantageous side of taxes
- Historically, Umatilla county tends to economically perform better than most eastern Oregon counties

Given these advantages, we find that from a market perspective, downtown Umatilla is currently an undermarketed and underdeveloped destination. All focus of future effort should seek to prioritize downtown Umatilla as a place to shop and a place to live. But this will require a comprehensive, multifaceted effort between the City and its business and community partners. The following are a few suggested ideas for initiating such an effort, which will take time and resources, but will ultimately build both the social infrastructure and physical infrastructure that will catalyze new development and redevelopment in downtown Umatilla.

- It is recommended that an integrated approach to the city of Umatilla's downtown redevelopment efforts include expanding niche retail while highlighting Umatilla's competitive advantages.
- It is also recommended that strategies be explored to establish seasonal, weekly, monthly and annual events within the downtown, which will bring outside dollars, community enthusiasm and free advertising for an establishing and growing Umatilla downtown.
- It is recommended that the City of Umatilla undertake a multifaceted and publicly promoted approach to downtown planning which include among the following with the intent of getting more shoppers and residents downtown regularly as a high priority:
 - Resident and business surveys of downtown needs and visioning;
 - Community, property owner and real estate industry advisory committee(s) to champion efforts;
 - Exploration of strategies to enhance downtown as a location for private investment, including urban renewal feasibility to provide targeted funding for a variety of sequenced initiatives, including sidewalk/streetscape improvements, low-cost loans to property owners for improvements, and eventually property purchases and repositioning;
 - Exploration of grants and other funds need to match local resources for financing of identified, prioritized projects to revitalize downtown and grow shopper and resident counts;
 - Comprehensive planning to include the primary goals of bringing new residence to the downtown area by allowing residential density and diversity in housing types and tenure that will enhance and support the city's tax base.