



Sunrise Corridor Community Visioning

Existing Conditions Analysis

February 2024





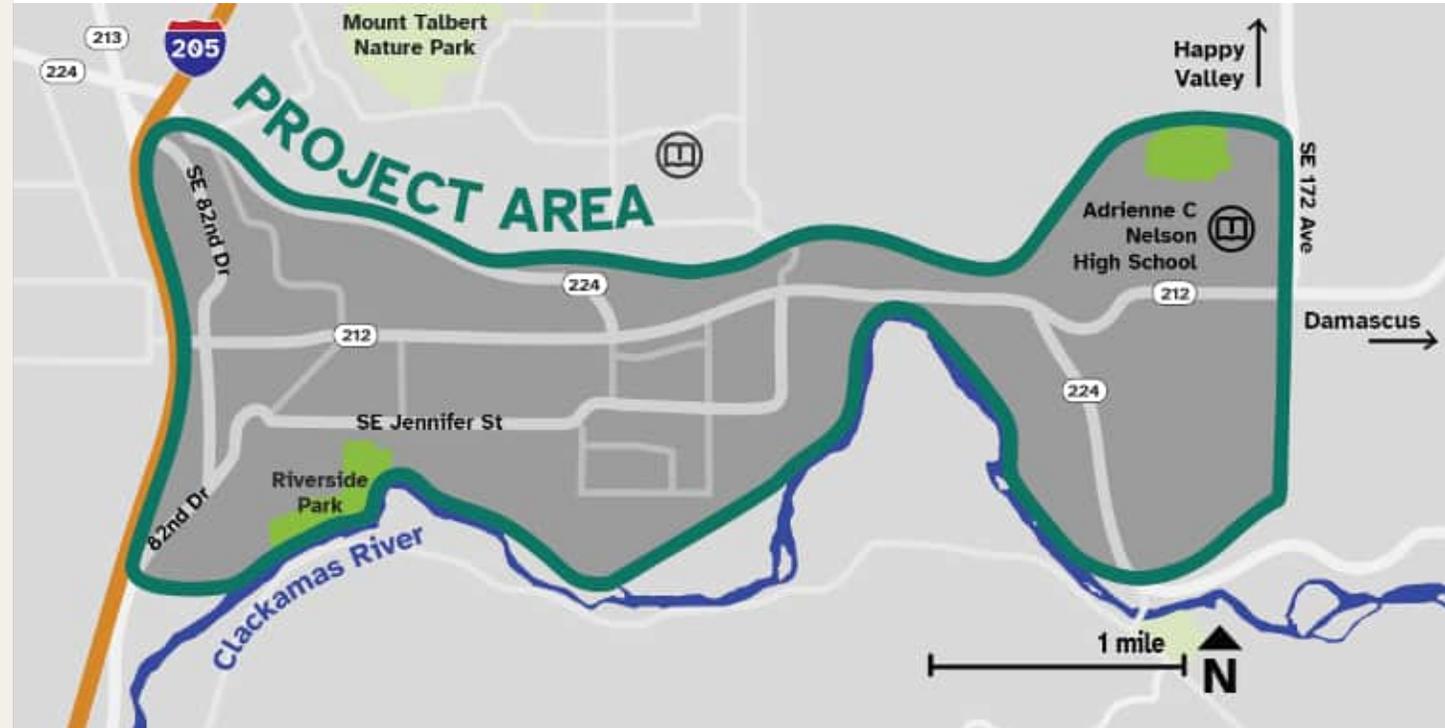
Sunrise Corridor Community Economic Analysis

Sunrise Corridor Community – Study Area

Study Area

- ◆ The study area for this market analysis is referred to as the Sunrise Corridor Community. It is bisected by the OR212/OR224 corridor in Clackamas County, stretching from I-205 to SE 172nd Avenue.

Exhibit 1. Sunrise Corridor Community



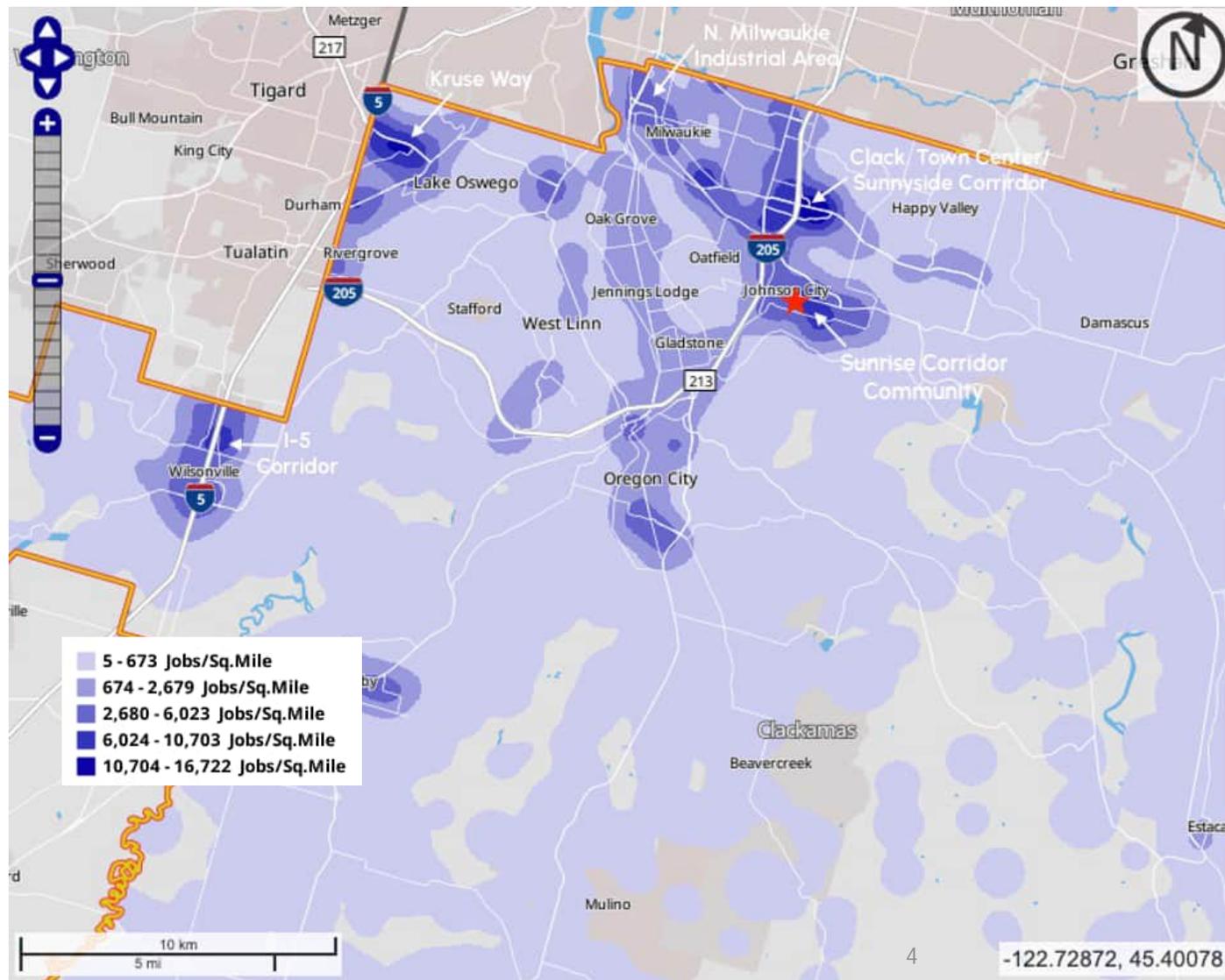
Sunrise Corridor Community

Study Area

- ◆ This area functions as a primary employment center in Clackamas County, marking one of the highest employment densities in the County.
- ◆ Other employment centers in Clackamas County include Kruse Way, the I-5 Corridor through Wilsonville, the Milwaukie Industrial Area, and Clackamas Town Center/Sunnyside Corridor.

Exhibit 2. Regional Employment Centers

Source: On the Map



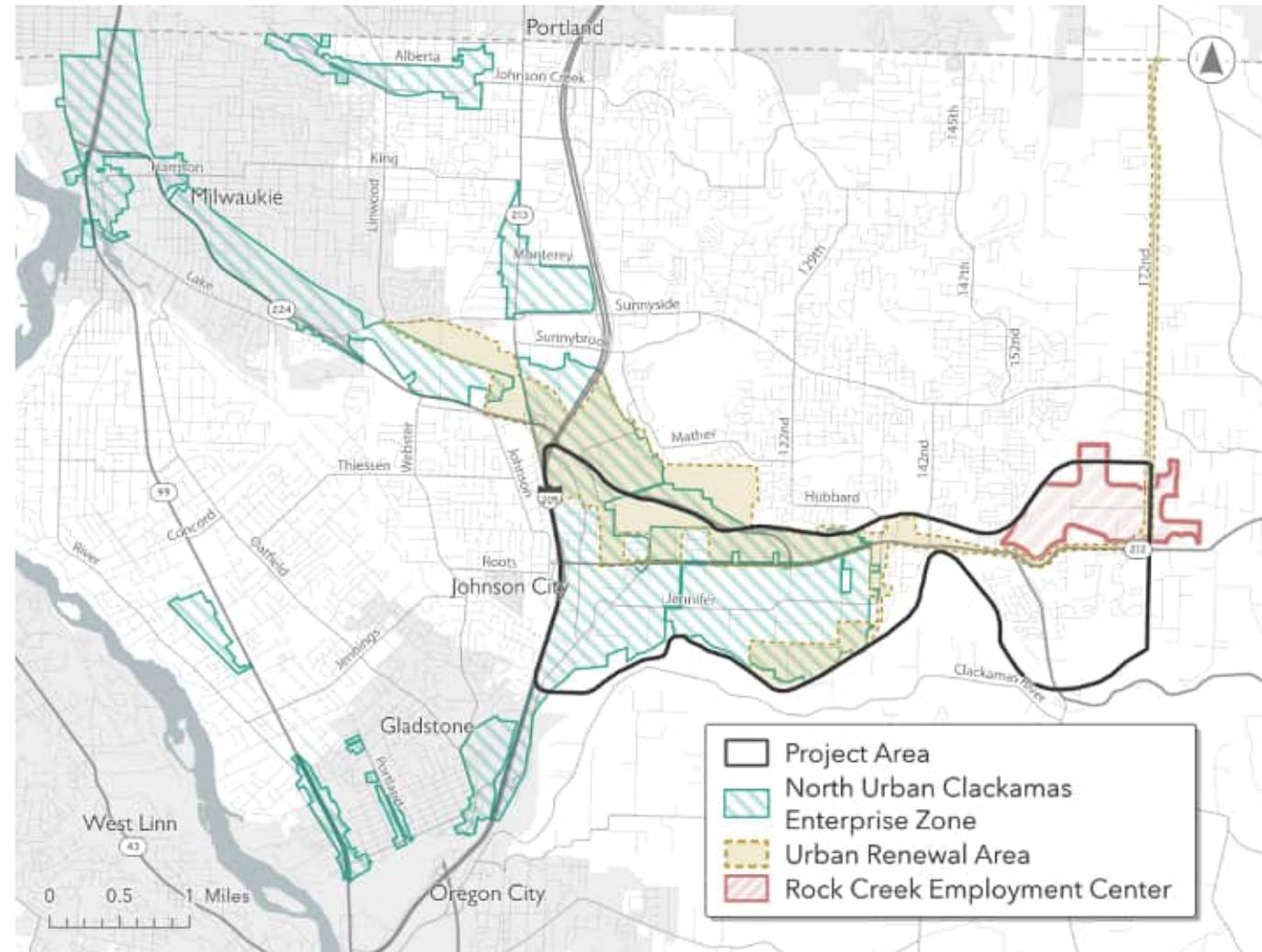
Sunrise Corridor Community

Study Area

- ◆ This area was selected in consultation with the broader consulting team to align with other current and recent planning efforts.
- ◆ As a district it is limited by the Clackamas River to the south and Interstate-205 to the west.
- ◆ Key attributes of the study area include:
 - ◆ The [North Clackamas Urban Enterprise Zone](#),
 - ◆ The [Clackamas Industrial District Urban Renewal Area](#),
 - ◆ The [Rock Creek Employment Area](#).

Exhibit 3. Sunrise Corridor Community

Source: EConorthwest



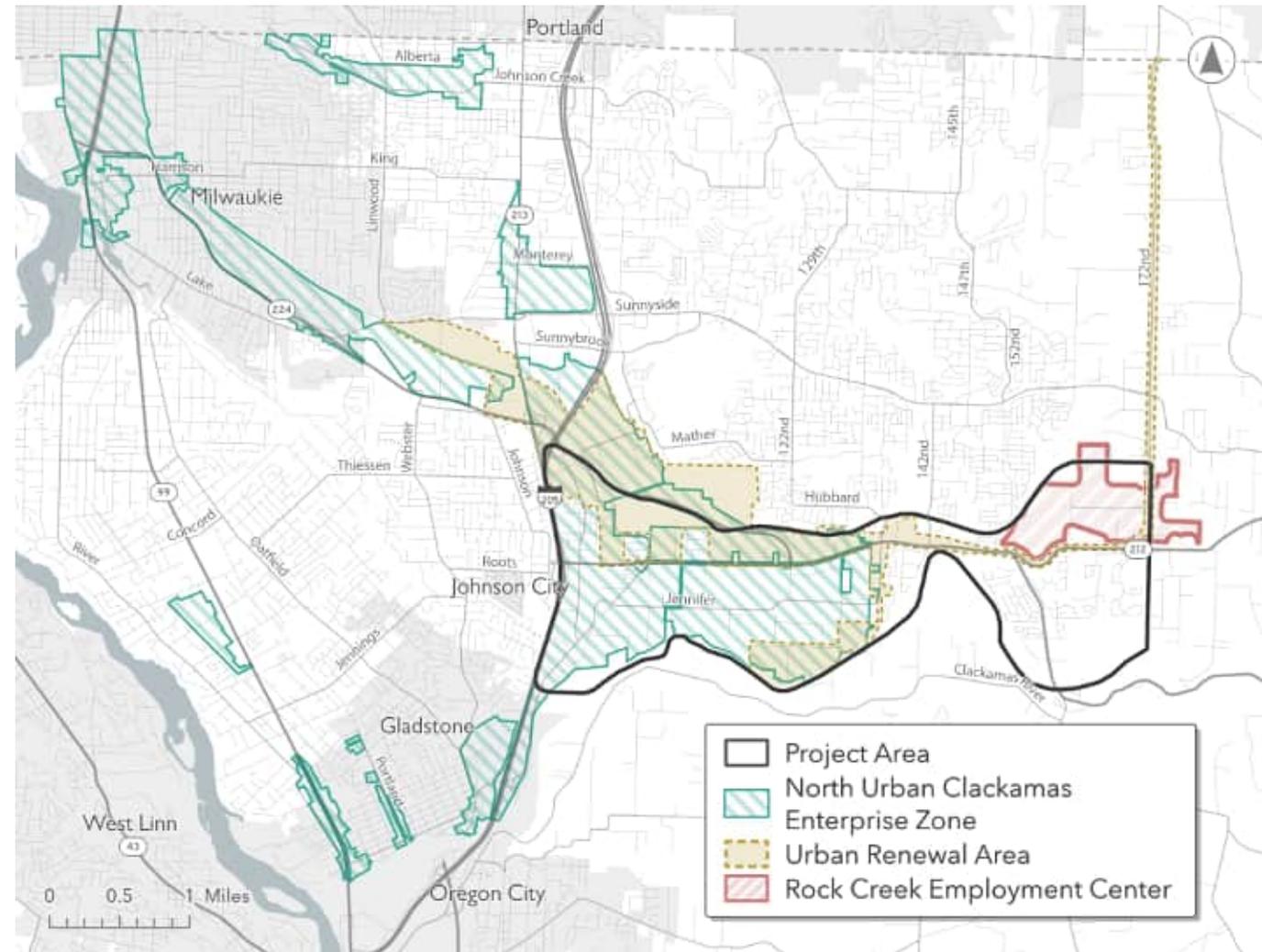
Sphere of Influence

This analysis used a variety of data sources to understand demographic and real estate trends and that factors that drive real estate demand in the Sunrise Corridor Community. Different geographic boundaries are used to assess these trends with the best available data sources. In addition to the Sunrise Corridor Community (shown as the Project Area in Exhibit 3), this report refers to the following geographic areas:

- ◆ Clackamas County – Regional Economic Conditions
- ◆ Clackamas County/Milwaukie subarea – Real Estate Market Conditions

Exhibit 3. Sunrise Corridor Community

Source: EConorthwest





Regional Economic Conditions

This section provides an assessment of regional economic conditions establishes the broader context from which the local economy functions. It establishes the general strengths and challenges of the economy and provides insight into the broader social and economic factors that will influence demand for different uses.

Employment Growth in Clackamas County

Exhibit 4. Total Employment Growth, Clackamas County, 2005-2022

Source: Bureau of Labor Statistics, Current Employment Statistics

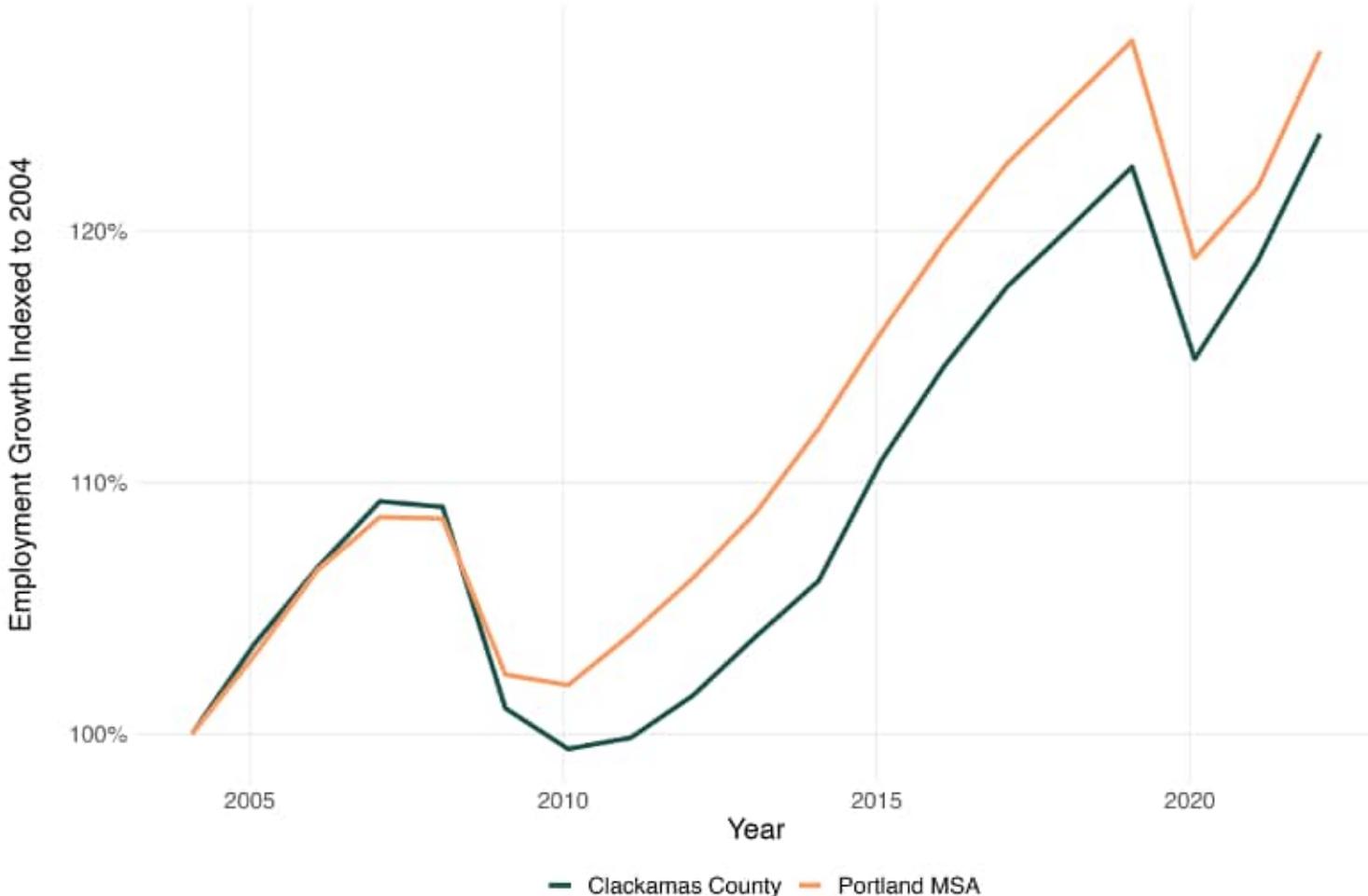


Exhibit 4 measures total employment growth, which is a measure of the total number of workers that are employed by businesses in Clackamas County.

Employment in Clackamas County steadily increased from 2010, following the recession, to 2020, and then dropped sharply following the onset of the COVID-19 pandemic. Over the past two years, **employment levels in Clackamas County have bounced back and are currently above pre-pandemic levels.**

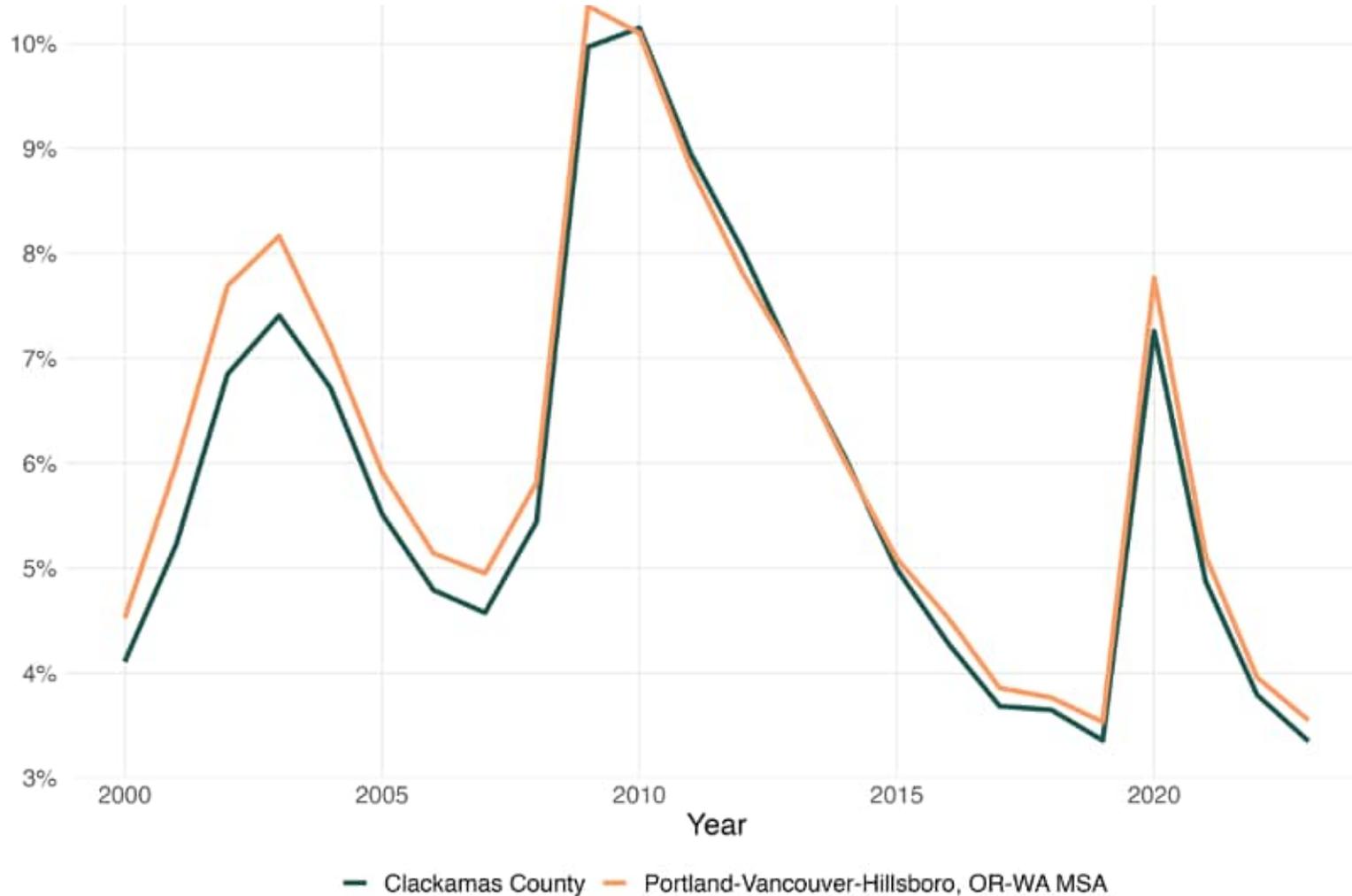
Total Employment in Clackamas County increased from 136,200 in 2004 to 168,700 in 2022, an almost 24% increase since 2004.

Since the recession, employment growth in Clackamas County has lagged behind the average employment for the Portland Metropolitan Statistical Area (MSA) as a whole, though this has narrowed in recent years since the pandemic.

Unemployment Rate – Clackamas County

Exhibit 5. Unemployment Rate, Clackamas County, 2000-2023

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics



The unemployment rate is a measure of the share of persons in the labor force that do not currently have a job. It is influenced by changes in total employment as well as labor force participation, which is the share of working age persons that are employed or seeking employment.

Like most places in the region and across the nation, Clackamas County experienced a sharp increase in unemployment in early 2020, to nearly 13%, following the onset of the COVID-19 pandemic.

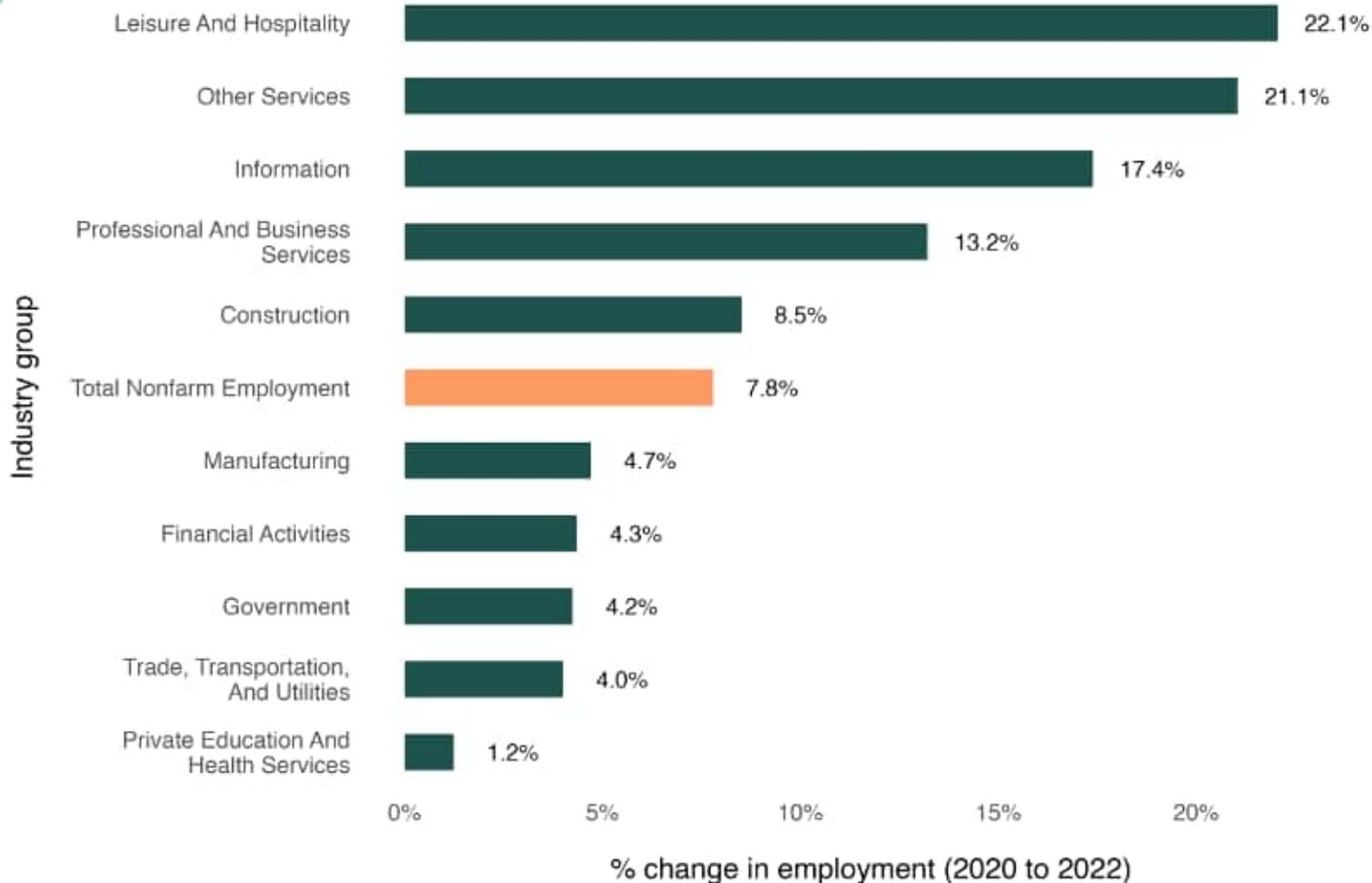
Clackamas County unemployment rates have since recovered to pre-pandemic levels, with an unemployment rate of 3.1% as of October 2023.

Unemployment rate trends in Clackamas County have been on par with the rest of the Portland Metro region over the last 15 years, indicating that regional trends are generally good local indicators.

Employment Growth By Industry Sector – Clackamas County

Exhibit 6. Employment Growth by Industry Sector, Clackamas County, 2020-2022

Source: Bureau of Labor Statistics, Current Employment Statistics



Clackamas County has seen employment growth in all categories between 2020 and 2022. Total Nonfarm Employment increased by 8% over the past two years, indicating a resilient recovery from the Pandemic.*

Leisure and Hospitality has seen the greatest growth (22%) over the past three years, which is expected given pandemic-era lows. The Other Services category saw a 21% increase; this category includes:

- Repair and Maintenance: 1,899 employees
- Personal and Laundry Service: 1,751 employees
- Religious, Grantmaking, Civic, Professional and Similar Organizations: 2,673 employees
- Private Households: 390 employees

*Total nonfarm employment is a specific category of industry employment data tracked by the Bureau of Labor Statistics. It includes the number of workers in the U.S. except those in farming, private households, proprietors, non-profit employees, and active military.



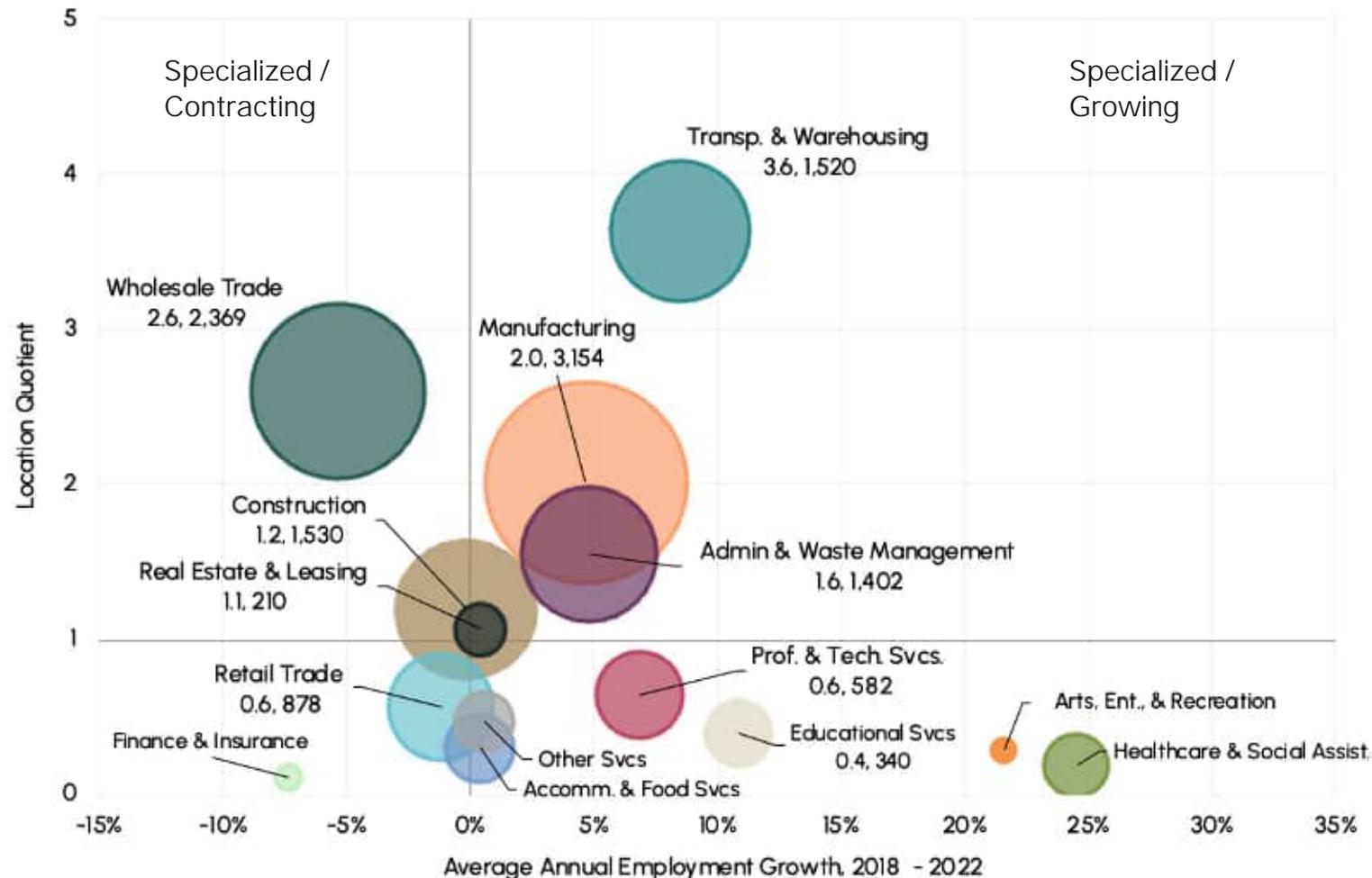
Existing Conditions in the Sunrise Corridor Community

This section provides an evaluation of existing economic trends and conditions frames the performance of economic sectors in the study area to inform which sectors may drive economic growth in the future and influence demand for varying land uses.

Industry Concentrations in the Sunrise Corridor Community

Exhibit 7. Sunrise Corridor Community Location Quotients and Average Annual Employment Growth, 2018-2022

Source: ECONorthwest Analysis of QCEW



A location quotient and growth analysis reveals industries that are driving economic growth and have above average concentrations of employment.

Location Quotient (y-axis). A measure of local employment sector concentration compared to Clackamas County. A value of 1.0 for a sector means the study area has the same share of jobs as the County. Values above 1.0 (above x-axis) indicate sector concentration in the Corridor. Sectors with larger quotients signal a competitive advantage or potential cluster anchor.

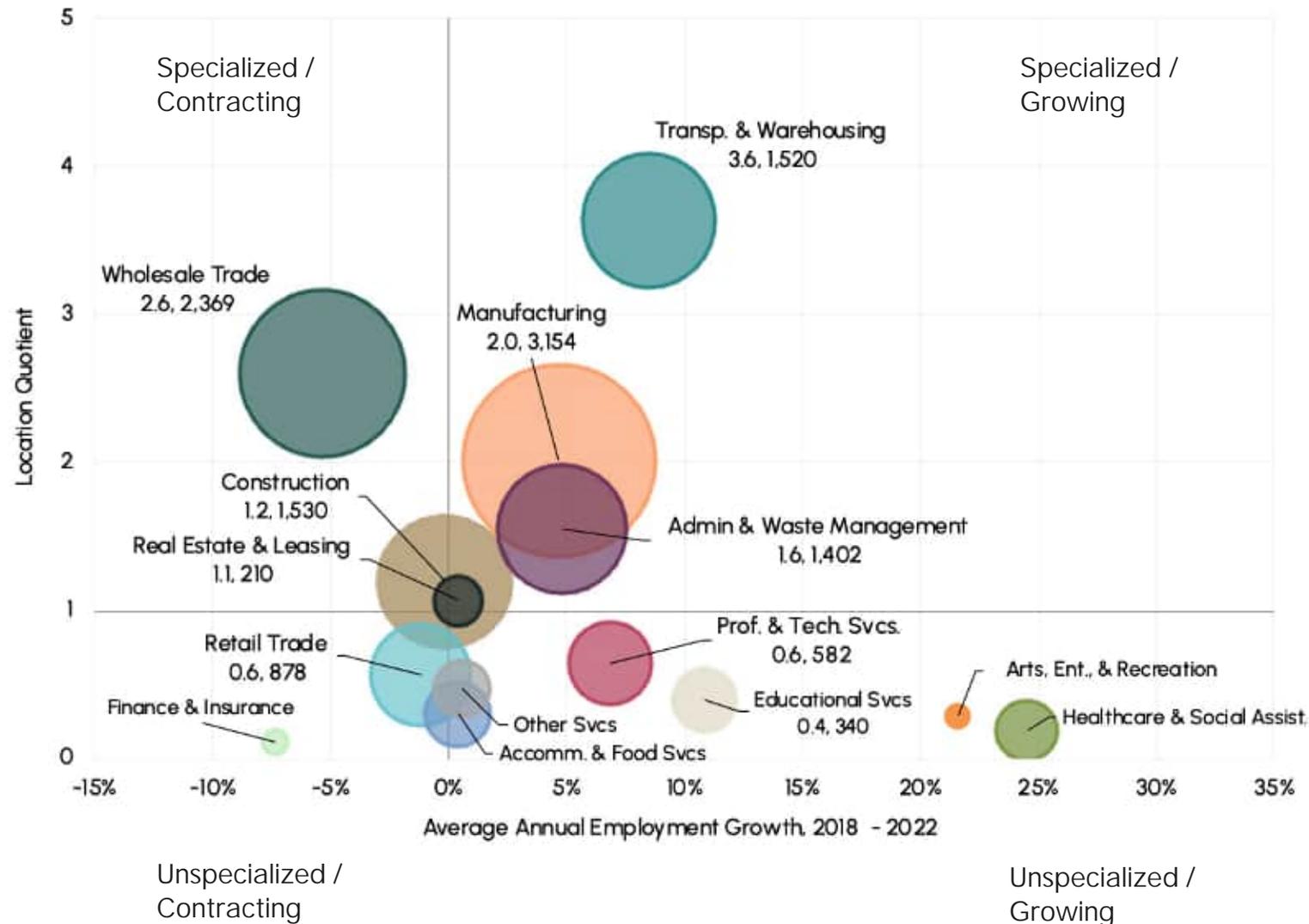
Growth Performance (x-axis). A display of annual percent change in employment (2018-2022). Positive values indicate sectors that are growing, negative values represent sectors that are contracting.

Each sector is represented by a circle, sized by its 2022 job count. Top right quadrant industries (especially with higher employment) signify strong, growing clusters in the Sunrise Corridor.

Industry Concentrations in the Sunrise Corridor Community

Exhibit 7. Sunrise Corridor Location Quotients and Average Annual Employment Growth, 2018-2022

Source: ECONorthwest Analysis of QCEW

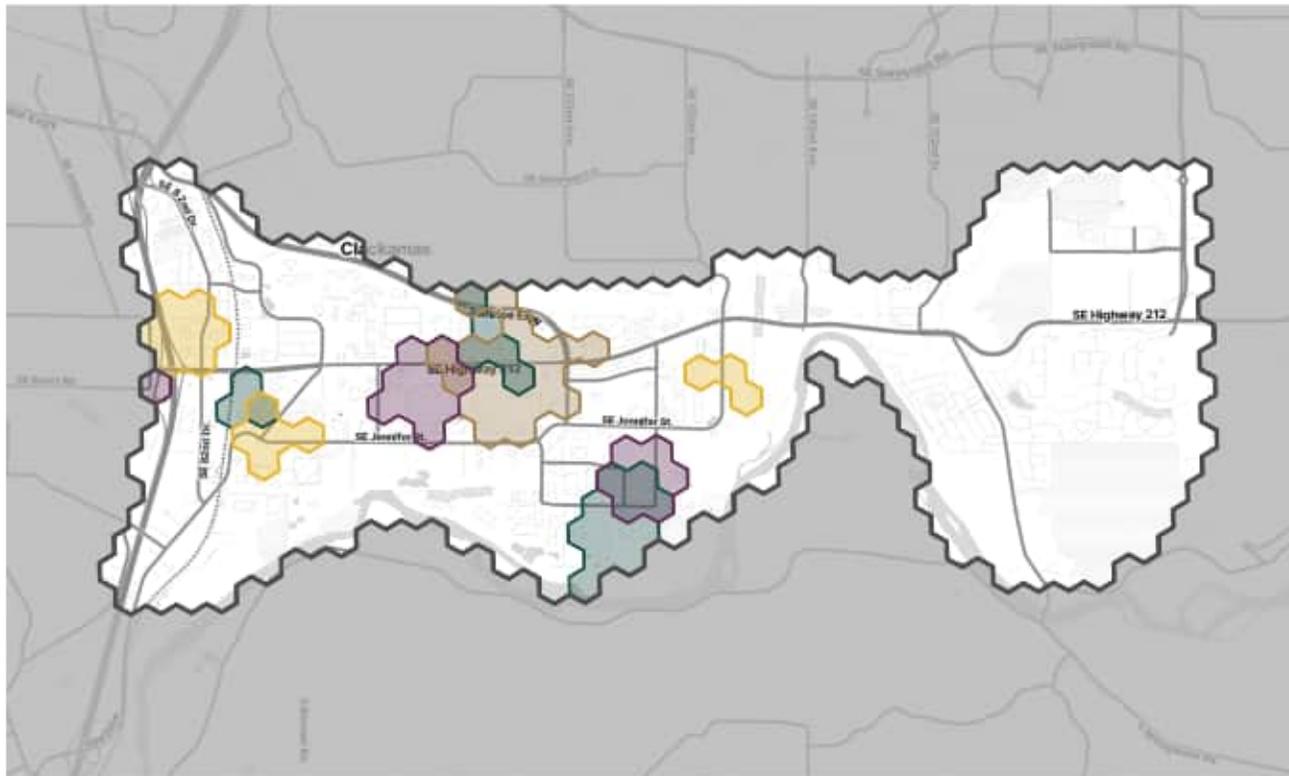


- ◆ The Sunrise Corridor Community has a concentration of industrial uses, with high concentrations of employment in:
 - ◆ Transportation and Warehousing,
 - ◆ Wholesale Trade,
 - ◆ Manufacturing,
 - ◆ Administration and Waste Management,
 - ◆ Construction
- ◆ Professional employment sectors, while less concentrated in the corridor, have seen robust employment growth over the last four years:
 - ◆ Healthcare and Social Assistance,
 - ◆ Educational Services,
 - ◆ Professional Technical Services.

Job Concentrations in the Sunrise Corridor Community

Exhibit 8. Heatmap of Jobs by Industry Group within the Sunrise Corridor, 2022

Source: QCEW



■ Manufacturing ■ Non-Production Industrial ■ Professional and Office ■ Trade

The clusters in this heatmap show where jobs across four industry groups are spatially concentrated. Relative magnitude of concentrations are withheld in order to comply with disclosure requirements of the use of confidential QCEW employment data provided by the Oregon Employment Department.

The Sunrise Corridor Community's primary industry groups are clustered along I-205, OR-212 and the railroad terminus at SE Capps Road, highlighting the importance of the Corridor's transportation network to its industrial cluster.

Business Growth in the Sunrise Corridor Community

Exhibit 9. Covered Employment Establishments by Major NAICS Sector, Sunrise Corridor Community, 2013-2022

Source: QCEW



The **Wholesale Trade, Transportation and Utilities** sector makes up nearly a third of the businesses in the study area, but there has been a 5% decrease in the number of businesses in this sector over the past decade.

The **Manufacturing and Construction and Resources** sectors both make up around 14-15% of the businesses in the study area, and both sectors have seen a small increase in number of businesses (2% and 5% respectively).

The sectors seeing the greatest growth in number of businesses are **Professional and Business Services** (16% increase from 2013-2022), and **Education, Healthcare, and Other Services** (12% increase).

Business Growth in the Sunrise Corridor Community (cont.)

Exhibit 10 Covered Employment Establishments by Major NAICS Sector, Sunrise Corridor Community, 2021-2022

Source: QCEW

Industry	Change 2021 to 2022 (%)	Change 2021 to 2022 (nominal)
Wholesale Trade, Transportation, and Utilities	-6%	-10
Manufacturing	-5%	-5
Education, Healthcare, and Other Services	-9%	-8
Government	0%	0
Retail Trade	-13%	-9
Leisure and Hospitality	-13%	-5
Professional & Business Services	-8%	-9
Construction and Resources	-14%	-16
Finance, Information, and Real Estate	-14%	-7
Total	-10%	-69

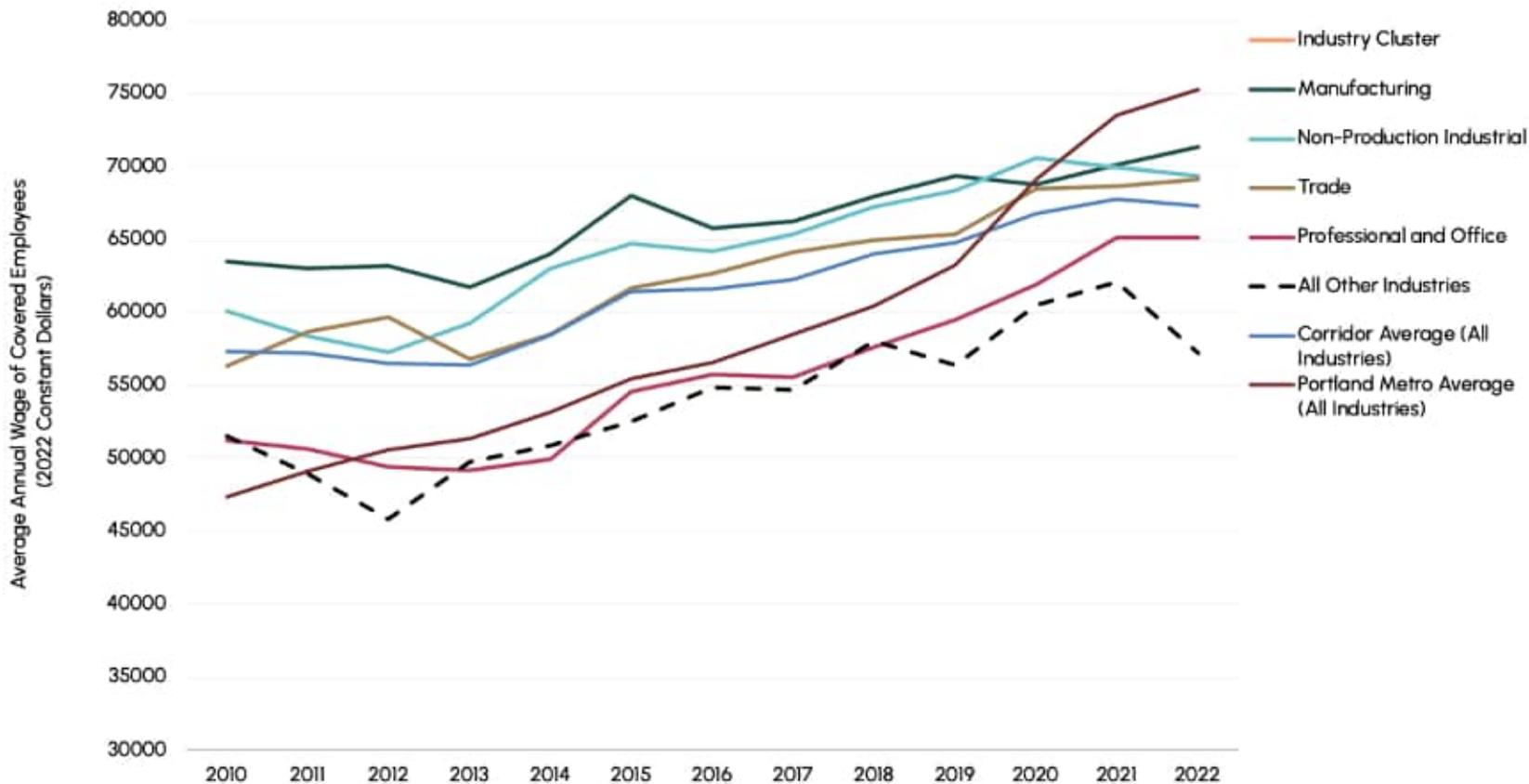
The study area saw an approximately 10 percent decrease in establishments from 2021 to 2022. The loss was predominantly seen in the **Construction, Retail Trade, Professional and Business Services, and Wholesale Trade, Transportation, and Utilities** sectors, which together make up 64% of the loss of businesses that year.

Together, these four industry sectors make up 62% of the businesses within the study area. Whether this decrease was a short-term impact from the pandemic, or part of a longer-term contraction in these industries, is to be seen. Given the importance of these industries to the area's economy, this trend should be monitored.

Wages in the Sunrise Corridor Community

Exhibit 11. Average Annual Wage (Inflation-adjusted) by Industry Cluster, Sunrise Corridor Community, 2010- 2022

Source: QCEW



Wages in the study area have steadily increased since 2010.

Manufacturing jobs have the highest average annual wages, at \$71,000.

Professional and Office sector jobs have seen the greatest increase in wages, increasing 27% from 2010 to 2022.

Generally, wages across Clackamas County lag behind regional averages, which is most likely related to relative industrial distribution.

Summary of Employment by Industry in the Sunrise Corridor Community

Exhibit 12. Covered Employment Change, Sunrise Corridor Community, 2013- 2022

Source: QCEW

Employment Sector	Covered Employment, 2013	Covered Employment, 2022	Share of Total Jobs (2022)	Annual Average Wage (2022)	Covered Employment Change, 2013 - 2022		
					Nominal	Percent	AAGR
Health Care and Social Assistance	90	311	2.2%	\$54,222	221	246%	14.8%
Professional, Scientific, and Technical Services	334	582	4.2%	\$80,583	248	74%	6.4%
Administrative and Support and Waste Management and Remediation Services	814	1,402	10.0%	\$49,122	588	72%	6.2%
Educational Services	214	340	2.4%	\$57,155	126	59%	5.3%
Real Estate and Rental and Leasing	141	210	1.5%	\$51,000	69	49%	4.5%
Arts, Entertainment, and Recreation	45	64	0.5%	\$38,885	19	42%	4.0%
Manufacturing	2,430	3,154	22.5%	\$71,363	724	30%	2.9%
Construction	1,198	1,530	10.9%	\$76,370	332	28%	2.8%
Retail Trade	741	878	6.3%	\$50,098	137	18%	1.9%
Public Administration	377	402	2.9%	\$93,047	25	7%	0.7%
Other Services (except Public Administration)	272	263	1.9%	\$54,845	-9	-3%	-0.4%
Transportation and Warehousing	1,638	1,520	10.8%	\$61,957	-118	-7%	-0.8%
Accommodation and Food Services	399	361	2.6%	\$24,958	-38	-10%	-1.1%
Wholesale Trade	3,067	2,369	16.9%	\$76,153	-698	-23%	-2.8%
Information	45	32	0.2%	\$106,808	-13	-29%	-3.7%
Finance and Insurance	93	55	0.4%	\$77,813	-38	-41%	-5.7%
Management of Companies and Enterprises	suppressed*	541	3.9%	\$91,646	n/a	n/a	n/a
Not Elsewhere Classified	suppressed*	10	0.1%	\$50,759	n/a	n/a	n/a
Total	11,898	14,024	100%	\$67,304	2,126	18%	1.8%

Since 2013 the Sunrise Corridor Community has expanded by **2,126 jobs (18 percent)** and seen a **distributional shift away from industrial uses (-8.9 percent share)** and toward other service and retail uses.

*suppressed indicates that there were a limited number of observations in this category. Due to QCEW confidentially restrictions, data is withheld in these instances.

The average annual wage across all industries in the study area was \$67,304 in 2022.

The industries with the highest average annual wage in the study area are:

- ◆ Information - \$106,808,
- ◆ Public Administration - \$93,047
- ◆ Management of Companies and Enterprises - \$91,646

Three of the study area's largest five industries (by share of jobs) have higher average annual wages than the average for the study area as a whole:

- ◆ Construction - \$76,370
- ◆ Wholesale Trade - \$76,153
- ◆ Manufacturing - \$71,363

Of the two fastest growing industries in the study area:

- ◆ Professional and Business Services has a higher than average annual wage (\$80,583), and
- ◆ Education, Healthcare, and Other Services has a lower than average annual wage (\$54,222).

Workforce Assessment

This section includes an evaluation of the geographic distribution of Sunrise Corridor Community workers, commute trends, and demographic characteristics of the area the Sunrise Corridor Community draws its workforce from. Workforce and commuting trends provide insight into the needs of the area's residents and workers, as well as how the study area is positioned to retrain and attract employers.

Typical Commuting Patterns – Sunrise Corridor Community

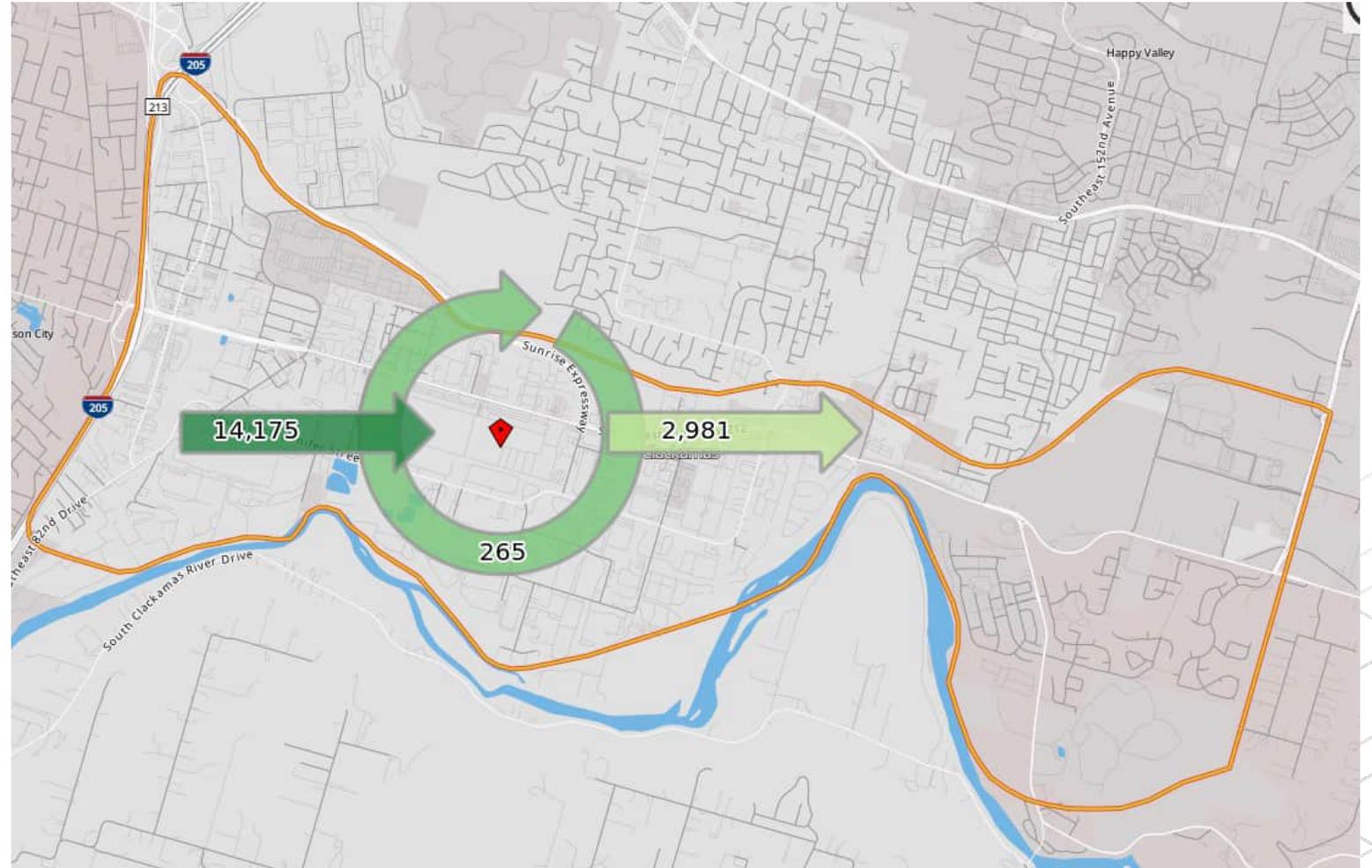
Exhibit 13. Commute Patterns, Sunrise Corridor Community, 2021

Source: U.S. Census Bureau, OnTheMap Application

- ◆ Of the 2,981 employed residents that live inside the study area, only **265 or 8.9 percent** also work in the district.
- ◆ In contrast, **14,175 people** that are employed in the study area commute from other parts of the region.

As a largely employment-based district, this is in-part a function of lack of housing options in the district, which may be appropriate in the current context given the industrial nature of the area. However, greater commute distances generally come with negative socioeconomic and climate impacts.

Employment numbers in this section vary slightly from previous charts due to using different Census datasets and sampling year (2021 vs. 2022).



Where Sunrise Corridor Community Workers Live

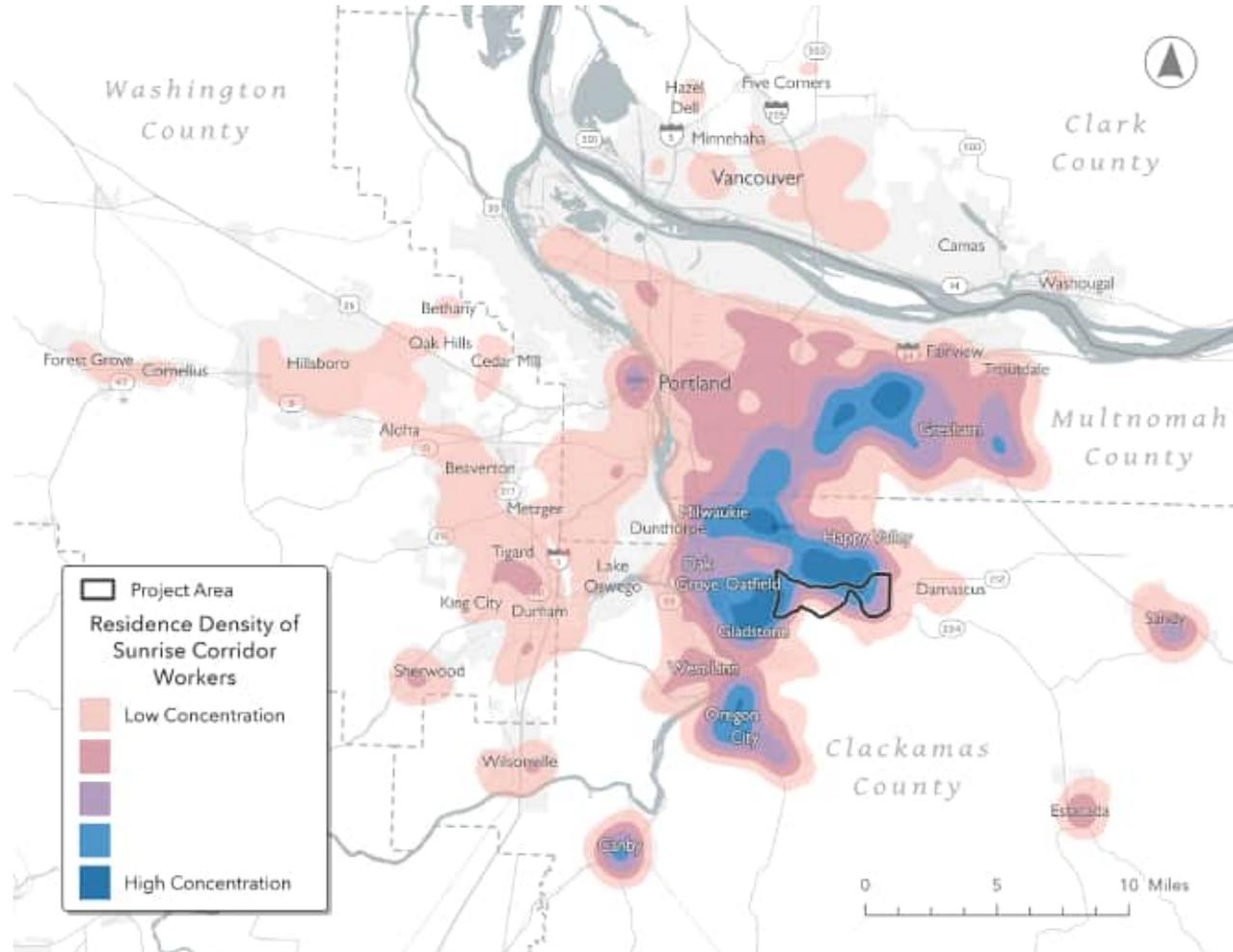
Exhibit 14. Residence Location of Sunrise Corridor Community Workers, 2021

Source: U.S. Census Bureau, 5-year LODES

Sunrise Corridor Community workers commute in from all over the Portland Metropolitan Region.

It is generally a positive that employers in the study area are drawing workers from residential areas on the east side.

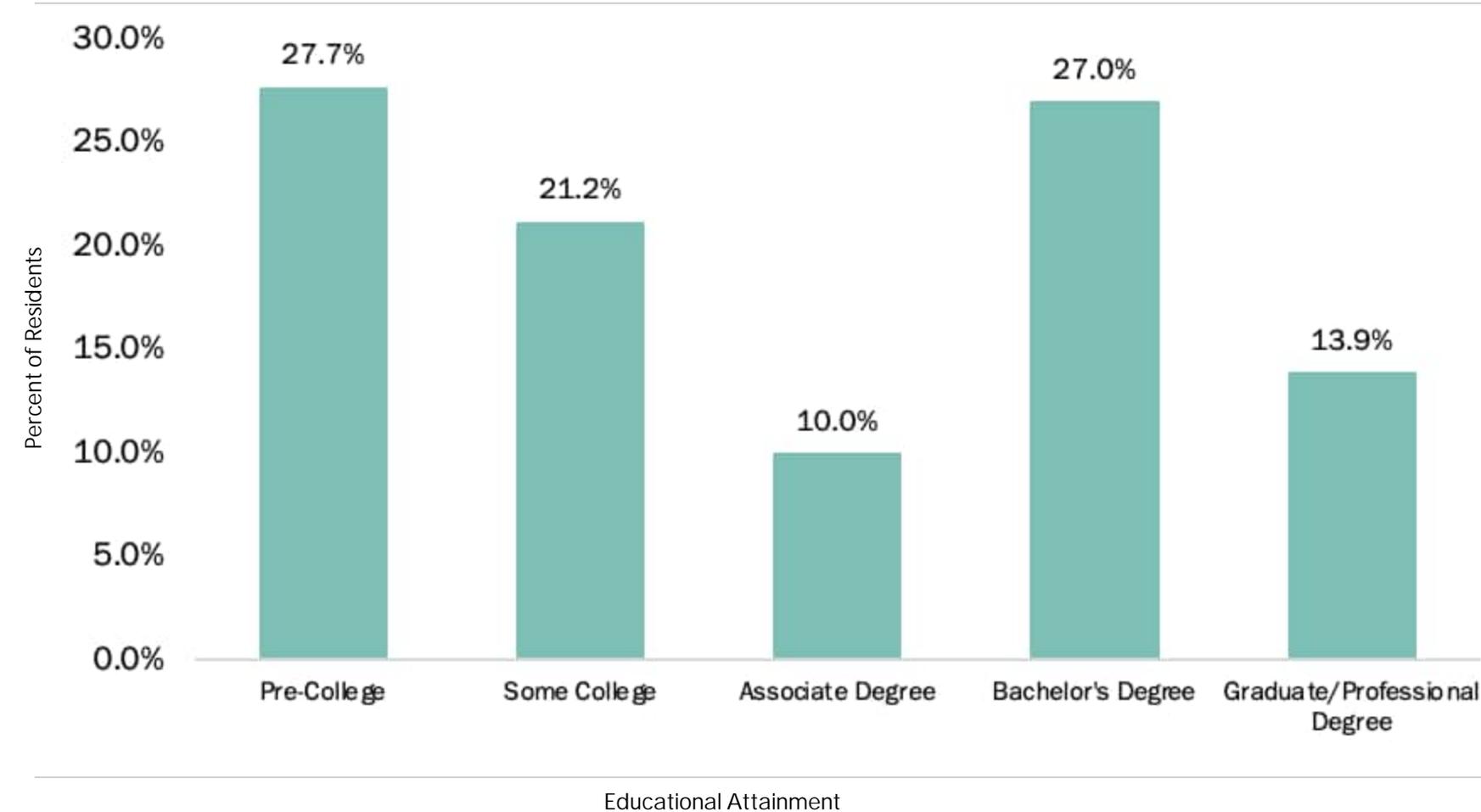
Almost half of all workers (48.2%) in the Sunrise Corridor Community commute from less than 10 miles away.



Educational Attainment

Exhibit 15. Educational Attainment of Residents within a 15-minute Drive Time from the Sunrise Corridor Community, 2023

Source: ESRI Business Analyst

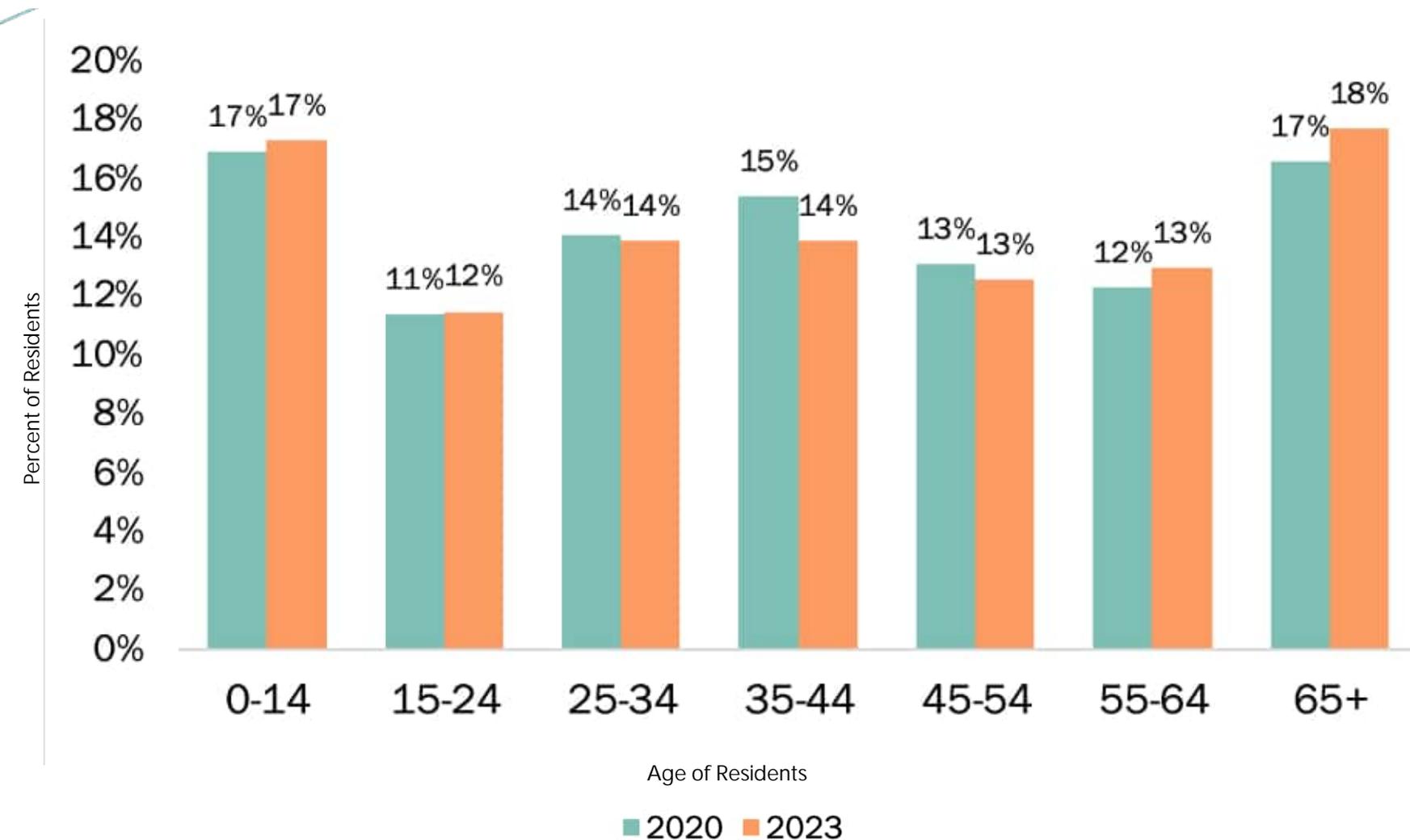


Roughly 40 percent of the working age residents that live within 15-minutes from the study area have a Bachelor's Degree or further education. This is indicative of a relatively well-trained workforce shed.

Age Distribution of Residents near the Sunrise Corridor Community

Exhibit 16. Age Distribution of Residents within a 15-minute Drive Time from the Sunrise Corridor Community, 2023

Source: ESRI Business Analyst



Of residents in and around the study area (within a 15-minute drive time):

- ◆ Over half are of working age 25-64,
- ◆ Approximately 20% are 65 or older,
- ◆ Approximately 30% are youth or young adults.

The age distribution of residents has not changed much overall in the last 3 years. The working age population has shown a decline, with the share of people 25-54 years of age decreasing by almost 3 percentage points.



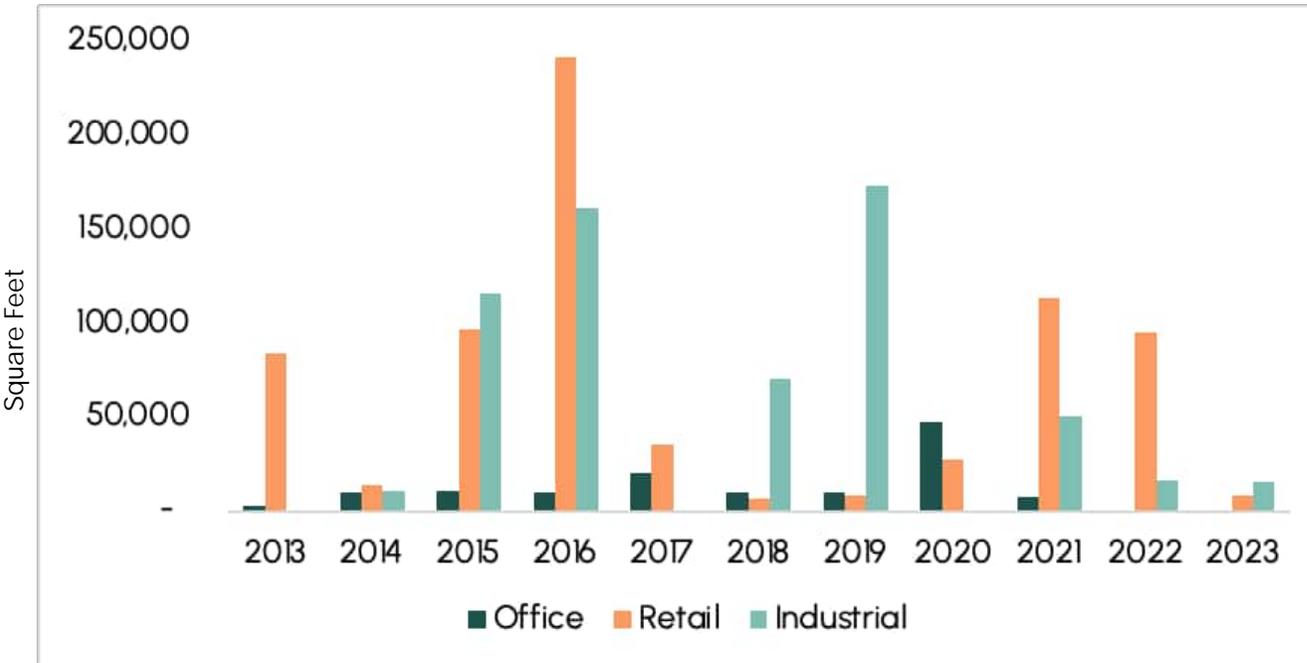
Real Estate Market Conditions

This section includes an evaluation of commercial real estate conditions for office, industrial, and retail building types in the Sunrise Corridor Community, and identifies market drivers and trends that will influence the market appeal and viability of commercial uses in the area.

Construction Activity – Clackamas County

Exhibit 18. New Construction and Development (SF Under Construction, Clackamas County/ Milwaukie Subarea, 2013-2023)

Source: Costar



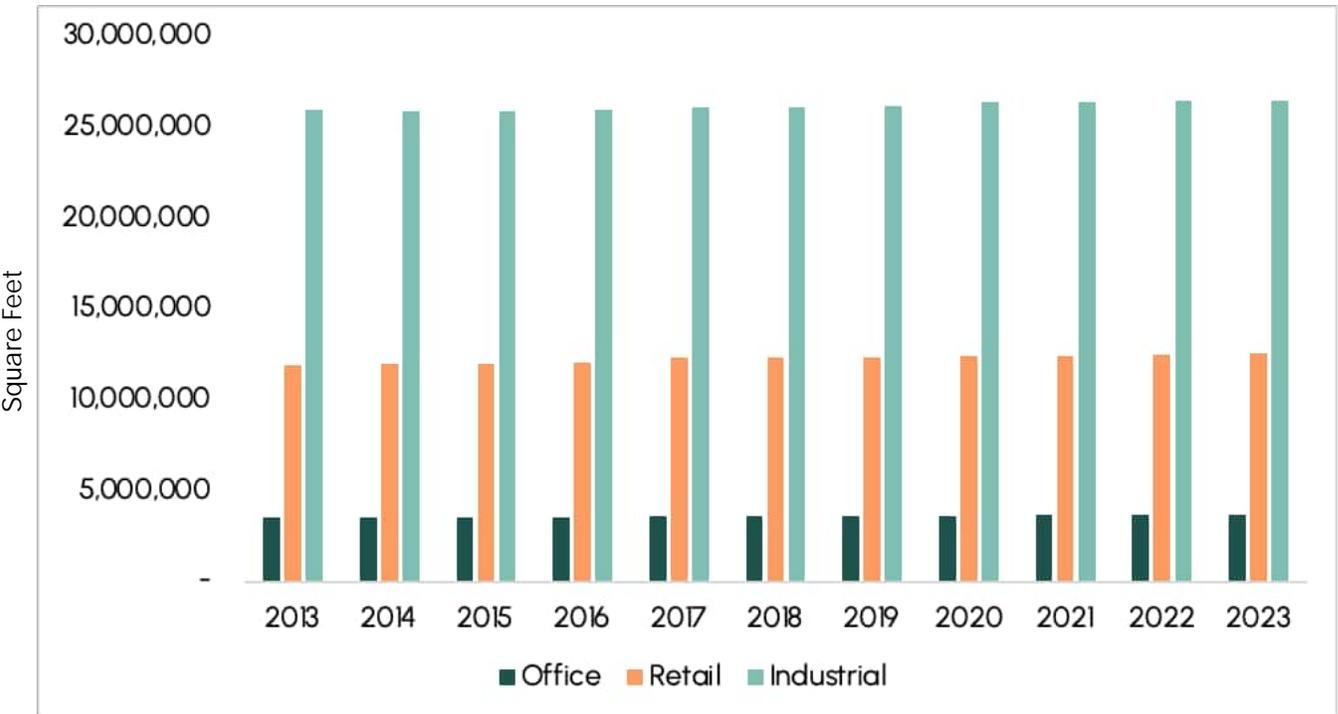
In the Clackamas County submarket, retail has shown the most construction activity in the last 10 years, closely followed by industrial properties (733,828 and 615,813 square feet of new construction, respectively).

Year	Office	Retail	Industrial
2013	3,188	84,170	-
2014	10,255	14,285	10,904
2015	11,210	96,981	115,704
2016	10,187	241,491	161,470
2017	20,657	35,609	-
2018	10,160	6,752	70,800
2019	9,976	9,046	173,400
2020	47,355	27,412	-
2021	7,801	113,774	50,930
2022	-	95,378	16,629
2023	-	8,930	15,976
Total	130,788	733,829	615,813

Total Commercial Inventory

Exhibit 19. Total Commercial Square Footage, Clackamas County/
Milwaukie Subarea, 2013-2023

Source: Costar



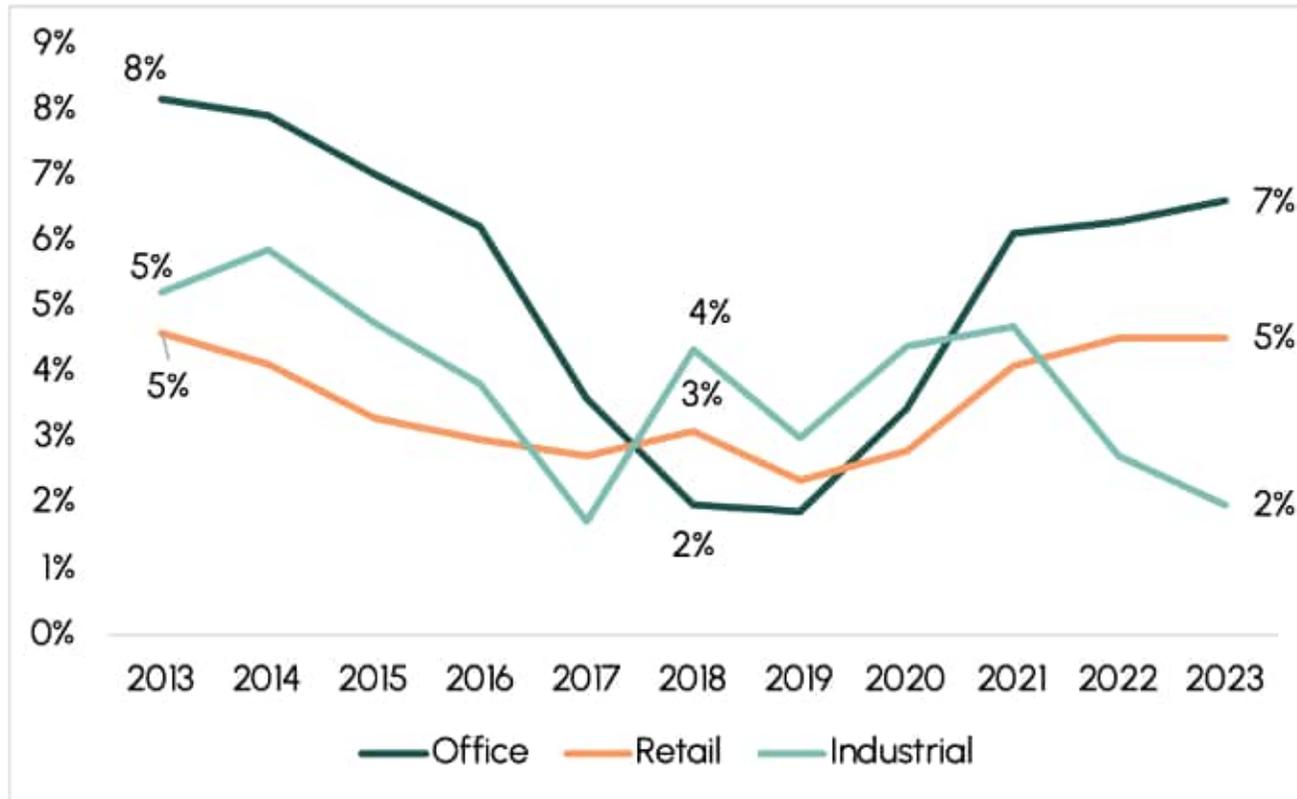
The total inventory of commercial square footage in the Clackamas County submarket has remained almost unchanged in the last 10 years. There are approximately twice as much square footage of industrial properties than retail properties, which in turn have more than twice the square footage of office properties.

As of 2023, Clackamas County has:

- ◆ 26.5 million square feet of industrial uses.
- ◆ 12.6 million square feet of commercial uses.
- ◆ 3.7 million square feet of retail uses.

Exhibit 20. Vacancy Rates by Commercial Use Type, Clackamas County/
Milwaukie Subarea, 2013-2023

Source: Costar



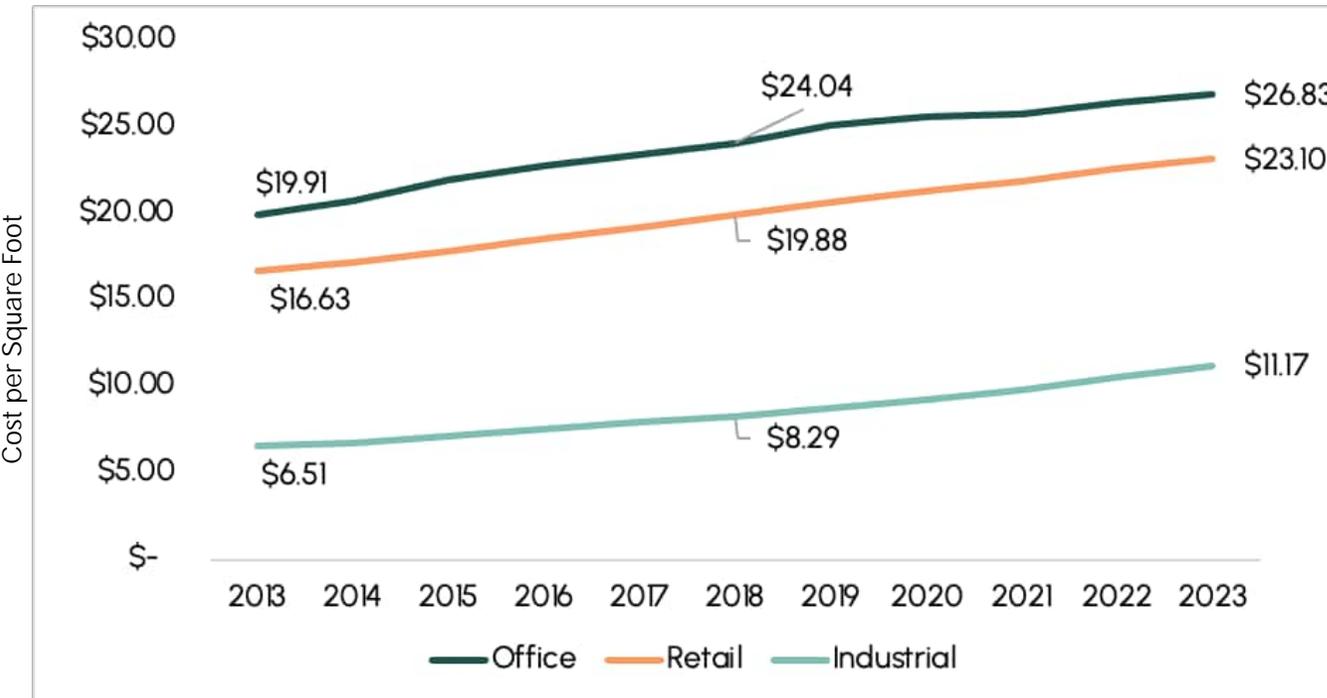
Industrial vacancy rates are at currently at a low of 2%, having dropped from 5% in 2021. This quick recovery indicates a market that was not significantly affected by the shifts brought on by the pandemic.

Retail vacancy has hovered a reasonably healthy level, between 3 to 5% over the last 10 years and is currently at 5%.

Office vacancy rates have increased since 2019 and are currently at 7%. High vacancy combined with low inventory and little new construction indicate a weak market for office use in Clackamas County.

Exhibit 21. Rental rates (per square foot), Clackamas County/ Milwaukie Subarea, 2013-2023

Source: Costar



Commercial rents have steadily increased over the last 10 years, with all three use types showing an increase in rents of \$5-\$7 per square foot (psf).

Office rents are the highest, at approximately \$27psf in 2023. Retail rent in 2023 was around \$23psf while industrial rent was around \$11 during that year.



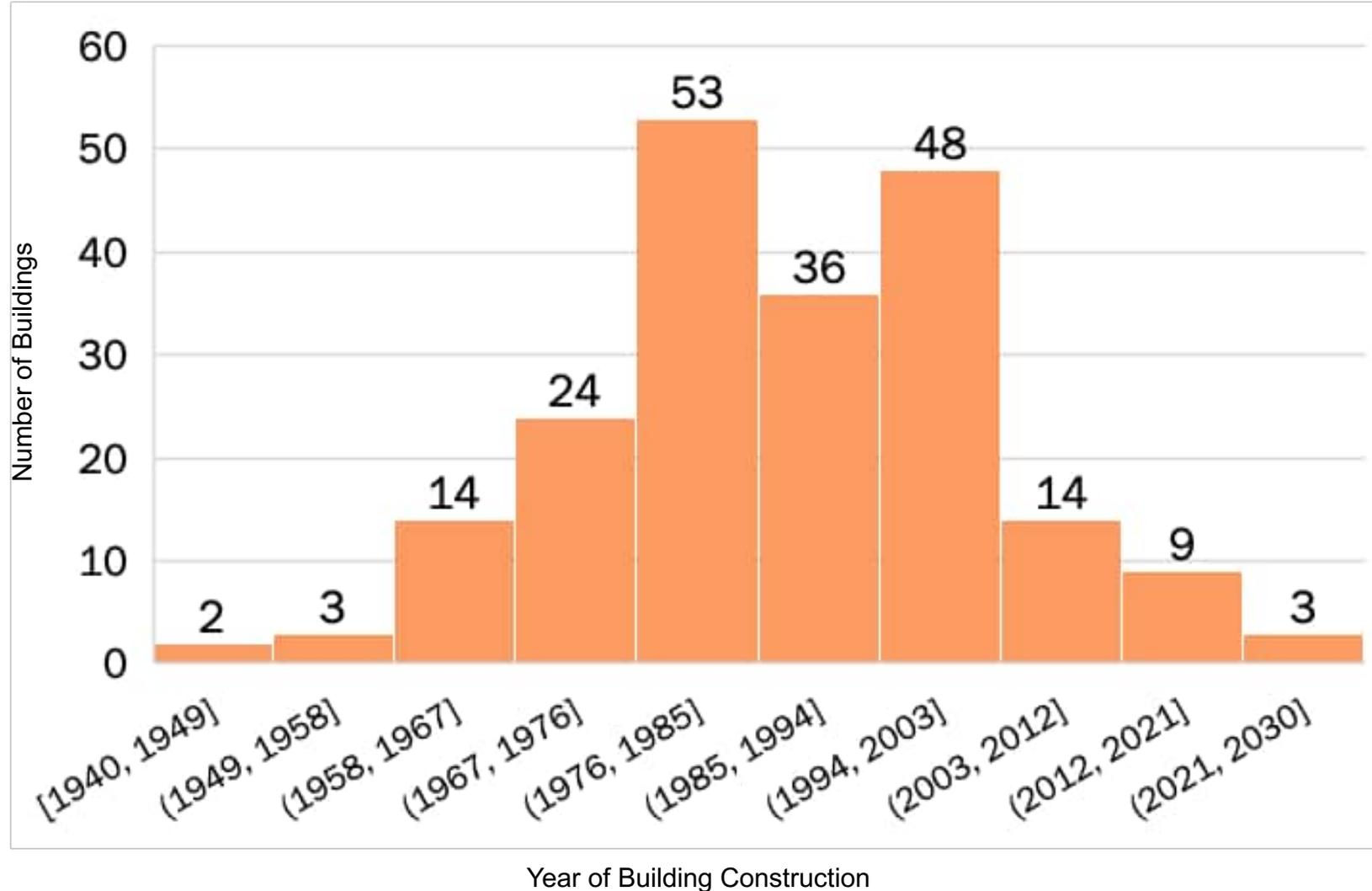
Assessment of the Built Environment

This section provides an evaluation of the physical characteristics of buildings within the Sunrise Corridor Community, including the scale of development and the age, quality, and class of historic and recent development.

Building Age - Industrial

Exhibit 22. Number of Buildings Constructed by Year in the Sunrise Corridor Community, 1940 to Present

Source: CoStar



While there has not recently been substantial new industrial construction activity, the newly constructed buildings are larger than older ones, as there is additional demand for industrial space.

Industrial development in the study area is showing signs of age. Over half of industrial structures were built more than 40 years ago.

Example Industrial Properties



Fred Meyer Distribution Center

Safeway Distribution Center



Properties Constructed or Proposed in the Last Five Years

Exhibit 23. Industrial Properties Constructed or Proposed in the Sunrise Corridor Community in the Last Five Years

Address	SF RBA	Vacancy Rate	Year Built	Class	Tenants	Construction Status
15730 SE 130th Ave	12,702	100%	2023	B	none	Existing
16935 SE 120th Ave	26,390	none	2021	B	none	Existing
16935 SE 120th Ave	22,710	0%	2021	B	Johnstone Supply	Existing
17225 SE 120TH Ave	162,507	0%	2019	B	Core-Mark	Existing
17325 SE 120TH Ave	116,493	0%	2019	B	Core-Mark (80,501 sf, remained unknown)	Existing
15730 SE 130th Ave	6,792	100%	2023	B	none	Existing
15730 SE 130th Ave	17,050	100%	2023	B	none	Existing
10500 SE Jennifer St	910,577	none	2025	A	none	Proposed

Exhibit 24. Retail Properties Constructed or Proposed in the Sunrise Corridor Community in the Last Five Years

Address	SF GLA	Vacancy Rate	Year Built	Class	Tenants	Construction Status
15530 SE 135th Ave	4,000	70%	2020	C	Starbucks (1200 sf, remainder vacant)	Existing
15576 SE 135th Ave	4,000	0%	2020	C	Medical (1500 sf), Retail (2500 SF), neither tenant is listed	Existing

Source: CoStar



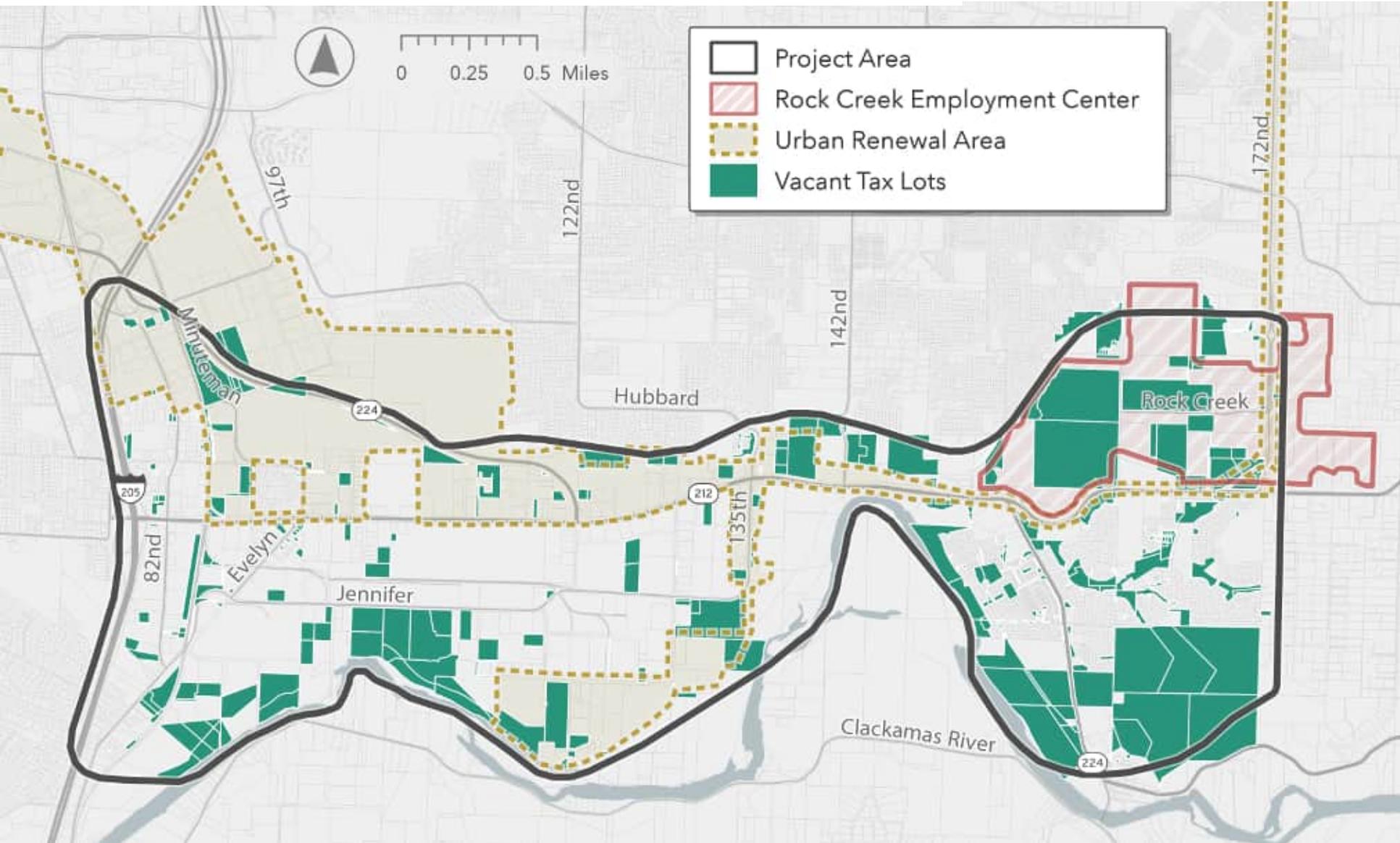
Identification of Vacant and Underutilized Properties

This section provides an evaluation of the geographic distribution of vacant and underutilized parcels, providing insight into where development or redevelopment potential is within the Sunrise Corridor.

Vacant Parcels in the Sunrise Corridor Community

Exhibit 25. Vacant Parcels within the Sunrise Corridor Community

Source: RLIS



There are 877 acres of vacant land in the Sunrise Corridor Community.*

These sites include much of the Rock Creek Employment Area.

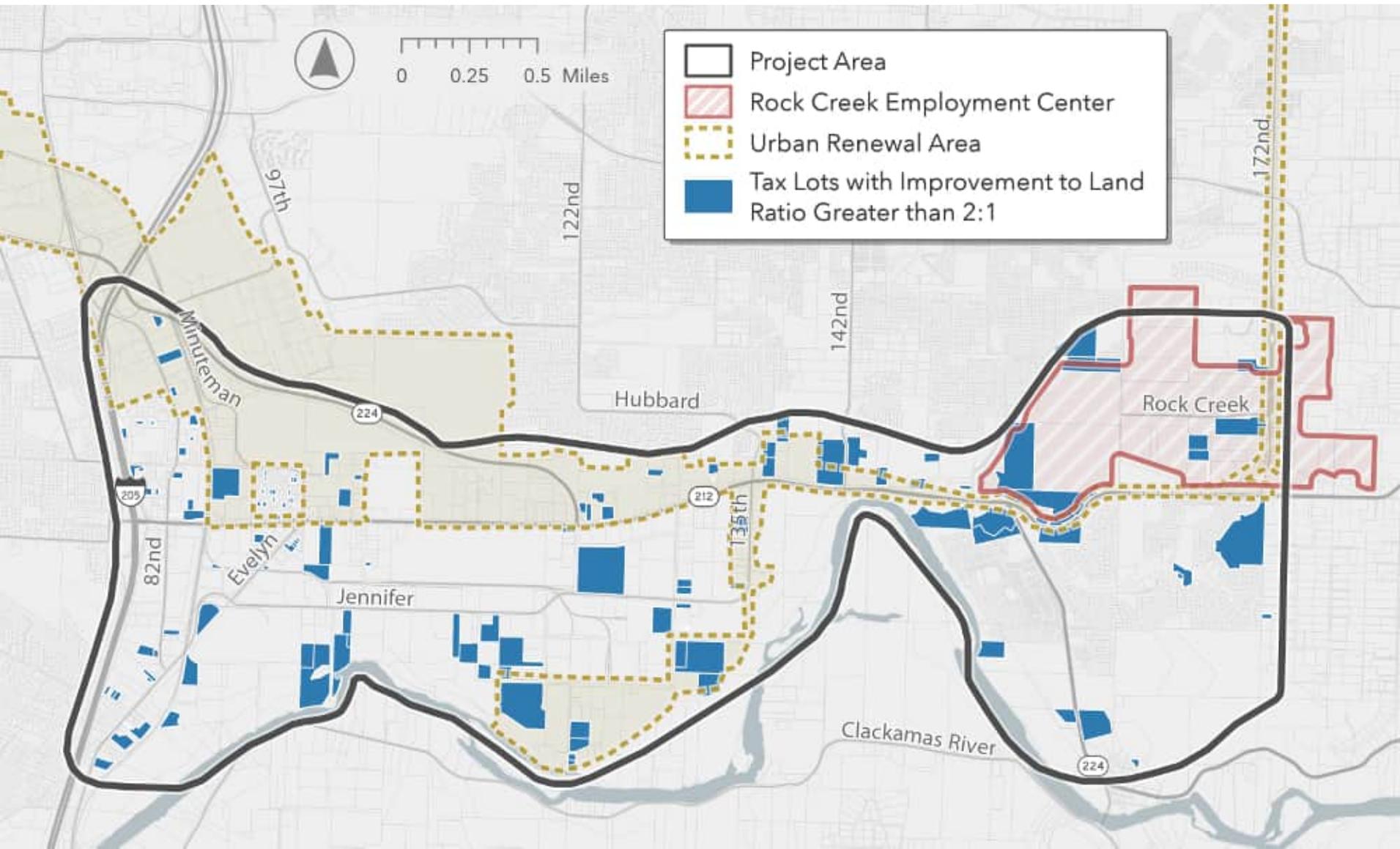
The presence of large adjacent vacant sites with potential for assemblage is a clear advantage for the district.

**Vacant parcels of less than 3,000 square feet are excluded from this total, as redevelopment on parcels of this size is unlikely.*

Underutilized Parcels in the Sunrise Corridor Community

Exhibit 26. Underutilized Parcels within the Sunrise Corridor Community

Source: RLIS



There are 330 acres of underutilized land in the Sunrise Corridor Community.*

Parcels are defined as underutilized if the assessed land value is at least twice the assessed value of the building on the parcel. This metric helps identify parcels with redevelopment potential.

**Underutilized parcels of less than 3,000 square feet are excluded from this total, as redevelopment on parcels of this size is unlikely.*



Key Market Findings

Based on the findings from this existing conditions analysis, this section provides a summary of some of the key opportunities and challenges the Sunrise Corridor Community.

Economic Assets and Constraints

Assets and Opportunities

Regional Transportation Access. Proximity to I-205 affords strong access to regional transportation networks. The area is also rail-served.

Industry Concentrations and Diversifying Economic Base. The area has diverse industrial concentration of manufacturing, wholesaling, warehousing, and transportation uses. The economy is diversifying with services uses growing the fastest over the last five years.

Vacant Opportunity Areas. The area has large vacant and underrealized sites, including the Rock Creek Industrial Area.

Public Finance Tools and Incentives. Much of the study area is within the Clackamas Industrial Urban Renewal Area and the North Urban Clackamas Enterprise Zone.

Healthy Real Estate Markets. Commercial and industrial real estate markets show low vacancies and increasing rents.

Workforce. Access to a well-trained regional workforce.

Major Employers. The Sunrise Corridor Community is anchored by 20 larger employers (150 employees or more) that employ over 5,100 workers (36 percent of all workers).

Constraints and Challenges

Wetlands. Many sites encumbered with wetlands, reducing net developable area and increasing permitting timelines.

Conflicting Land Uses and Isolation. On one hand residential uses including mobile home parks are integrated within the industrial area and not buffered. On the other, retail and commercial services are isolated to the west and not integrated within the Sunrise Corridor Community as amenities.

Jobs/Housing Balance. Much of the workforce commutes from longer distances in the region.

Limited Development Activity. Despite strong market conditions, the area has seen limited new commercial or industrial development in recent years.

Aging Properties. Over 45 percent of commercial and industrial properties are over 25 years old. Roughly 25 percent are over 40 years old.

Infrastructure and Land Readiness. While the area has vacant and underutilized assets, land characteristics and readiness may be misaligned with the needs of performing industry sectors. These may include infrastructure upgrades or extensions, land assemblage, market availability, or other factors.