

W.S.C.

\$ 5.00 (Chamber Members)

\$15.00 (Non-members)

# An Analysis of the Supply of Commercial Land

Eugene, Oregon

May 2001



Eugene Area  
Chamber of  
Commerce



Eugene Area  
Chamber of  
Commerce

## **EXECUTIVE SUMMARY COMMERCIAL LANDS ANALYSIS LOCAL GOVERNMENT AFFAIRS COUNCIL EUGENE AREA CHAMBER OF COMMERCE**

### **OREGON'S LAND USE LAWS**

Oregon's Land Use Program includes nineteen statewide planning goals. Cities and counties must adopt comprehensive plans and ordinances that are consistent with these goals. Even though it is seldom the focus of local planning initiatives, one of the nineteen goals speaks to the important link between a healthy local economy and the livability of our state. *Goal 9* calls for diversification and improvement of the economy. It asks communities to inventory commercial and industrial lands, project future needs for such lands, and plan and zone enough land to meet those needs.

Specifically *Goal 9* states that comprehensive plans for urban areas shall:

1. Include an analysis of the community's economic patterns, potentialities, strengths, and deficiencies as they relate to state and national trends;
2. Contain policies concerning the economic development opportunities in the community;
3. Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies;
4. Limit uses on or near sites zoned for specific industrial and commercial uses to those which are compatible with proposed uses

### **EUGENE'S CHALLENGE**

The most recent update to Eugene's *Commercial Lands Inventory* was completed in during the early 1990's. During the decade of the 1990s, the community experienced solid economic growth. In addition, the City of Eugene has embarked upon several planning initiatives that have, or will have, a significant impact on the supply of commercial and industrial lands.

### **THE CHAMBER STUDY**

The Chamber's Local Government Affairs Council supports Oregon's land use laws and is deeply concerned that there is an inadequate supply of commercial and industrial lands to meet both the economic needs of the community and the objectives of Statewide Planning Goal 9. In an effort to determine the current supply of buildable commercial and industrial lands, the Chamber contracted Rick Duncan of Duncan and Brown, Inc. to provide an update to the 1990 studies.

The objectives of the Chamber study included:

- Estimating the inventory of commercial lands within the Eugene area.
- Providing an interim check on the City of Eugene Commercial Lands Study original absorption projections.
- Determine if remaining inventories of commercial and industrial land are sufficient to meet projected demand.
- Measure potential demand over the next 10 years.

### **MAJOR FINDINGS**

- Over 400 acres of commercial land were absorbed during the last decade, as compared to the City of Eugene Commercial Lands Study projected estimate of 266 acres.
- Of the 113 acres of commercial land currently available, only 30 acres are considered to be constraint-free.
- Of the unconstrained commercial land available, 40% are in 22 parcels that are less than 2 acres in size.
- There are no unconstrained commercial sites available over 4 acres in size and only one unconstrained site larger than three acres.
- Of the 74 acres of constrained commercial land, approximately 56 acres currently have some type of improvement on them. This means that 75% of the constrained commercial lands will require some type of redevelopment.
- Demand for commercial land over the next tens years has been estimated by the Chamber study to be 400-600 acres.

### **CONCLUSIONS**

The purpose of the Chamber's analysis was to determine if there is an adequate supply of commercial land to support a strong and vital local economy and to meet the requirements of Oregon's Land Use Laws. The findings of this study have clearly indicated that there is an insufficient supply of commercial land to meet the community's projected needs.

To address this pressing community challenge, the Eugene Area Chamber of Commerce is committed to:

- ♦ Working with the Eugene City Council, Planning Commission and other interested parties to craft realistic solutions to address the shortage of commercial land.
- ♦ Actively opposing any planning or land use actions that would further reduce the supply of commercial land within the urban growth boundary.

### **FOR ADDITIONAL INFORMATION CONTACT**

Dave Hauser CCE  
President  
Eugene Area Chamber of Commerce  
PO Box 1007  
Eugene OR 97440  
541-242-2350  
daveh@eugenechamber.com

Rick Duncan  
Owner  
Duncan and Brown Real Estate Analysts, Inc.  
1260 Charnelton  
Eugene OR 97401  
541-687-1938  
rick@duncanbrown.com

Copyright© 2001 by  
Eugene Area Chamber of Commerce  
All Rights Reserved

No part of this publication may be reproduced in any form, by photostat, microfilm, xerography, or any other means, or incorporated into any information retrieval system, electronic, or mechanical, without the express written permission of the copyright owner. Address inquiries regarding permission for use of material contained in this publication to:

Eugene Area Chamber of Commerce  
PO Box 1107  
Eugene, OR 97440  
541.484.1314

# EUGENE COMMERCIAL LAND STUDY 2000

## Introduction

The primary objective of this study is to update the information from the Eugene Commercial Land Study (ECLS) published in October 1992. The goal of that document was to inventory available commercial lands. In addition, those lands were qualified as to being constrained or constraint-free sites. In addition, the study attempted to project the demand for commercial lands through the Year 2010.

The current study is again to inventory available commercial lands for four purposes: 1) to estimate the inventory of commercial lands within the Eugene UGB, 2) to create an interim check on the original 20-year absorption of commercial lands as compared to the projection in the original study, 3) to determine if the remaining inventory of commercial lands are sufficient to satisfy expected demand, and 4) attempt to measure the potential demand over the next 10-15 years. Under Statewide Planning Goal 9, local jurisdictions are required to maintain a reasonable inventory of lands to fulfill the development needs of the community. Absorption is defined as the change from the earlier inventory. This survey measures the absorption of the commercial land inventory since 1990. This absorption would have occurred through a variety of ways, i.e. commercial, other developments, wetland classification, and government acquisitions.

The Eugene Chamber is concerned about the diminishing supply of commercial land, therefore Duncan & Brown, Real Estate Analysts, was contracted to complete this survey. Lane Council of Governments (LCOG) was contacted regarding the availability of data. LCOG, using a similar database to the data developed in the ECLS, supplied a listing of all properties shown in their database to be zoned and/or designated commercial lands. Not only were the vacant commercial lands obtained, but also partially vacant sites and sites in which the improvement value from the Lane County Assessor's Office was less than \$10,000 or where the improvement value was less than 25% of the land value. These categories were all included. The purpose for including the partially or undervalued improvement categories were so determinations could be made if the land was available for redevelopment. To assure that as many parcels as potentially available in the marketplace were surveyed, the Lane County Assessor's Office was also contacted. From them, a list of all properties that they show being vacant commercial land were also included to create the master commercial land list.

**Duncan & Brown, Inc.**  
**Real Estate Analysts**  
1260 Charnelton  
Eugene, OR 97401

## Summary

*The number of acres of constraint-free sites has reached a historically low level. The level of commercial lands have reached such a low level that further commercial development is near impossible.*

## Significant Findings

Statewide Planning Goal 9 requires the city of Eugene to provide an adequate amount of commercial land to meet projected needs for commercial development in the planning period. Utilizing the same general methodology as used in the 1992 Eugene Commercial Land Study, the city of Eugene would need approximately between 400 and 500 acres over the next 10 years and likely 800-1,200 acres of commercial land in the next 20 years. The study revealed less than 113 acres of commercial land available.

- ❖ According to findings from this Study, over 400 acres were absorbed during the decade of the 1990's, versus the 1990 projection of approximately 266 acres, or more than twice the amount projected.
- ❖ Of the lands available, approximately 30 acres are considered to be constraint-free sites. Of those 30 acres, approximately half the land is located in 22 scattered parcels, less than 2 acres in size.
- ❖ There are seven constraint-free parcels between 2-4 acres. No parcels larger than 3.5 acres could be located that were constraint-free.
- ❖ There are approximately 82 acres constrained by a variety of elements. There are two parcels of 5 and 8.3 acres, with all the remaining sites being a smaller size.
- ❖ Two parcels totaled 8.6 acres.
- ❖ There are five sites between 3-4 acres totaling 16.9 acres.
- ❖ The remaining 53 sites are less than 3 acres in size and contain nearly 65% of all those lands.
- ❖ Of the 74 acres of lands classified as constrained sites, approximately 56 acres currently have some type of improvement.
- ❖ Redevelopment and infill of commercial sites is not realistic to expect that element to support ongoing commercial development.
- ❖ Redevelopment and infill is often a problematic period.
- ❖ Redevelopment of the multitude of small lots would be difficult because of the lack of financial feasibility to redevelop small sites, particularly under the new land use code.
- ❖ A trend in commercial development has been for larger parcels, both retail and office development, because of the gained efficiencies.

## Supply of Commercial Land

The purpose of this section is to describe the supply of buildable commercial land within the Eugene Chamber study boundary as previously discussed. Bill Clingman of LCOG indicated that their database includes more land than the Urban Growth Boundary and Urban Reserve. The amount of additional land outside both boundaries is minimal. The area included within this study is that land within the database of LCOG, referred to as the Eugene Study Boundary. The purpose of describing the supply of commercial sites is to determine if the available supply will meet or exceed projected demand through the year 2010. This chapter is intended to discuss the commercial land inventory within the study area through December 2000. The data was studied over a three-month period (September-December 2000). Available commercial land inventory is a dynamic figure because of the ever-changing commercial market.

The data obtained from the Lane County Office of Assessment and Taxation (A&T) and Lane Council of Governments (LCOG) yielded a total of 1,060 separate tax lots that fit within the previously described criteria. Sites indicated to be either vacant commercial, commercial with less than \$10,000 in value per the Lane County Assessor's Office, or sites in which the improvement value was less than 25% of the land value were contained in the master list. Of the total 1,060 accounts, approximately 750 of those accounts had less than \$10,000 in improvement values. An additional 125 had improvement values between \$10,000-\$25,000. The remaining had values higher. The original 1,060 accounts were reduced to slightly over 400 by simply reviewing available computer and in-office data. Many of these accounts were being utilized as parking lots for adjoining commercial operations, or the improvement values were such an amount that it would be unreasonable to assume the property would be available for redevelopment. Many of the improved elements were field reviewed. In total, approximately 400 properties were field checked (visually inspected). Of the 400 accounts viewed, only 91 were considered as potential commercial sites that should be further studied. Sites that were committed to development (although vacant) were not included. This was the same approach used with the ECLS. Most of the parcels which were designated as vacant commercial land in the LCOG database, were, in fact, such parcels as parking lots for active commercial properties, in which the parking was required by the development code applicable/allowable at the construction.

During the field review section of the study, the properties were examined to determine if they were readily developable or had some type of constraint, which could somehow restrict or complicate the development of the site. Constraint-free properties are those sites that are ready for development, have adequate service, and do not have elements that would constrain or delay development of the property.

*The findings of the Eugene Commercial Land Study indicate that Eugene's long-term supply of development land is extremely limited, and in fact, available lands are almost nonexistent.*

## Constraint Analysis

A number of the sites included in the commercial land inventory have one or more elements that constrain the property being classified as constraint-free ready for immediate development. The constraint categories used in developing and categorizing the individual tax lots included wetlands, existing improvements, flood plain restrictions, exposure/access problems, environmental concerns, or permanent easements. These are similar constraints as detailed in the original ECLS. An additional element was considered in the analysis that was the financial likelihood of a parcel constraint element could be developed. This financial consideration was a very difficult element, because of the substantial amount of analysis of each parcel that was required to determine financial feasibility to remove or minimize the constraining element, such as wetlands. Without interviewing each owner, financial feasibility can not be tested.

The area of wetlands is a difficult element to analyze on a property-by-property basis. The wetland impact is likely greater than measured in the study. Particularly since a dramatic change in the requirements by the state that has occurred since the West Eugene Wetland Survey occurred. The recently passed changes have in many cases dramatically increased the amount of wetlands. The wetlands reported in this survey are based on available information from the LCOG database, through the West Eugene Wetlands Survey, and other published information.

One area of potential constraints not considered is with regard to non-served parcels. Services refer to utilities such as water, sanitary and storm sewers, electricity, etc. A basic assumption of this report is that any property within the study boundary would be capable of receiving public services. If public services are not capable of serving a parcel within the next few years, because of capacity problems, then the total acreage of commercial land reported in this study has been overestimated.

Figure 1 reflects the available commercial land by submarket, similar to the breakout in the original report.

*There are only 31.4 Acres of constraint-free commercial land available in Eugene. After extensive research and field surveys, it has been concluded that in fact, there is approximately 113 acres of available developed land, of which only approximately 30 of those acres are truly constraint-free and readily developable.*

**Figure 1 COMMERCIAL LAND BY SUB AREA**

	Constraint Free	Constrained	Total
<b>Coburg Road</b>	4.8	30.2	35.0
<b>South/East Eugene</b>	4.0	1.3	5.3
<b>River Road</b>	6.5	11.7	18.2
<b>West Eugene</b>	15.1	36.5	51.6
<b>Downtown Eugene</b>	1.0	2.8	3.8
<b>Total (Acres)</b>	<b>31.4</b>	<b>82.5</b>	<b>113.9</b>



Following is a brief description of the makeup of the sites within each submarket.

## **Constraint-Free**

### **COBURG ROAD AREA**

There are five sites, with a total of 2.74 acres, or 57% of the available commercial land, in one site at Crescent and Coburg Road. **The 2.74 acre parcel is being purchased for development in 2001.**

### **SOUTHEAST EUGENE**

There are three vacant sites in southeast Eugene, which total 4 acres; 3.75 acres of the total are located in two sites in the Riverfront Research Park.

### **RIVER ROAD AREA**

There are seven sites for a totaling 6.5 acres, of which 4.2 acres or 65% of the available commercial land, are located on two sites in the very north River Road area, near Irvington Avenue.

### **WEST EUGENE**

West Eugene has the most available commercial land at 15.1 acres located within 15 sites. **There were 13 sites (not included) located in the West Park Commercial Center on Commerce Street, south of West 11th, bought by Wal-Mart for a new retail store. In addition, the 11 acres being acquired by Target was removed.**

### **DOWNTOWN EUGENE**

This study revealed that there are currently three sites containing 1.02 acres in downtown Eugene, all currently used for surface parking lots.

*The largest concentration of constraint-free commercial lands exist in West Eugene.*

## Constrained Acres

### Coburg Road Area

There is a total of 30.2 acres of constrained lands in the Coburg area. The majority of these sites have flood plain issues. There is one site located west of the Emerald Lanes Bowling Alley off of Coburg Road that is constrained by access issues. Another is east of Garden Avenue, with poor commercial exposure.

### Southeast Eugene

There is a total of 1.28 acres in Southeast Eugene. They consist mostly of small sites that offer redevelopment potential, most actually located north of the University on Garden Avenue.

### River Road Area

There is a total of 11.69 acres spread throughout the River Road area; 4.55 acres comprise three sites off Maxwell Road and North Park. These three parcels are improved with an old grocery store converted into secondary use and other small older retail. Most of the land is a partially developed surface parking lot. Many of the others are in secondary areas where visibility and/or exposure is minimal.

### West Eugene

There is a total of 36.5 acres of constrained commercial land throughout the West Eugene area. One parcel containing 12 acres consists of a property on the northeast corner of West 11<sup>th</sup> and Belt Line. The property has some groundwater problem and wetland issues. Fill and mitigation will be required. Many of the remaining parcels are those located along West 11<sup>th</sup>, currently being redeveloped or being prepared for redevelopment, or are smaller parcels located along Highway 99N with older low value improvements. Many of the Highway 99N parcels are currently being used for manufactured home sales lots, used car lots, or a variety of uses that are currently under utilizing the land. To develop most of these parcels, removal of old improvements will need to occur.

### Downtown Eugene

There is approximately 2.8 acres of constrained commercial land in downtown Eugene located on mostly small sites, many 6,000-8,000 square feet in size, which are currently underimproved, most having older houses or commercial improvements. Again, most will need removal of older improvements before redevelopment occurs. Further, many of these smaller sites cannot be redeveloped unless assembled with other lands. Land values currently on small interior lots do not support redevelopment, currently or likely in the near future. Diamond Parking owned an additional 2.76 acres in 12 separate parking lots.

Note: Government agencies control another 42.2 acres of commercial land divided into approximately 65 separate parcels.

*The largest concentration of constrained commercial sites exists in the Coburg Road area and West Eugene.*

## Size Breakdown

An important characteristic in the ability to develop a parcel is its size. Most primary commercial support facilities have to be located on parcels of a reasonable size, often larger than 1 acre. The vacant and underdeveloped land within the study boundary is contained within 91 lots. Figure 2 is a breakdown of the number of sites by size category. The figure represents the number of parcels available. When contiguous tax lots run the same ownership, they were combined to reflect the gross area of the total parcels. Conversely, if two adjacent sites were under different ownership, those are reflected as separate parcels.

Figure 2 Site Size Range	Constraint-Free Sites		Constrained Sites	
	# of Sites	Total Acres	# of Sites	Total Acres
Less than .5 acs.	10	3.24	25	8.20
.5 to .99 acs.	10	5.97	14	10.77
1.0 to 1.99 acs.	2	2.87	8	11.16
2.0 to 2.99 acs.	6	14.76	6	13.54
3.0 to 3.99 acs.	1	3.5	5	16.90
4.0 to 4.99 acs.	0	0	2	8.63
5.0 acs. and over	0	0	2	13.28
<b>TOTALS</b>	<b>29</b>	<b>30.34</b>	<b>62</b>	<b>82.48</b>

*The small parcel sizes could limit further commercial development.*

Figure 3 is a chart representing the total amount of commercial acreages as found within the study. The solid sections represent the constraint-free parcels, with cross-hatched sections representing the constrained sites. This representation clearly shows the small amount of available constraint-free commercial land.

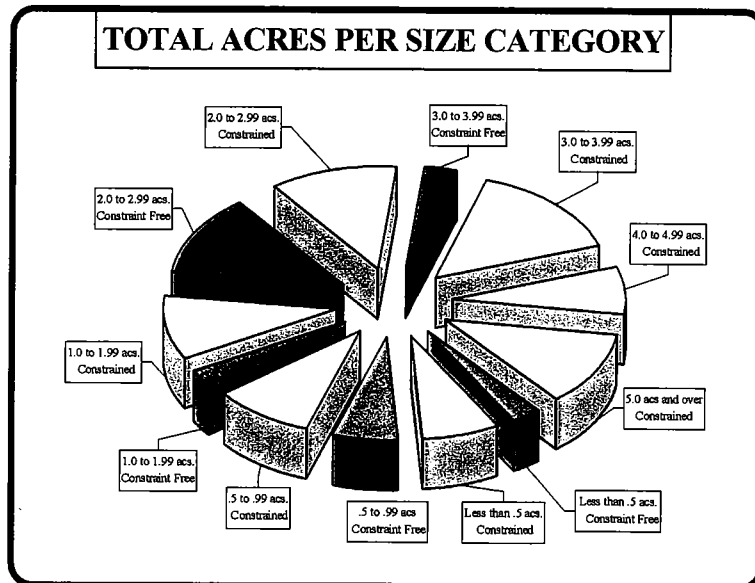


Figure 3

Figure 4 represents the number of sites within each of the size categories. Again, this visual aid shows the lack of constraint-free sites.

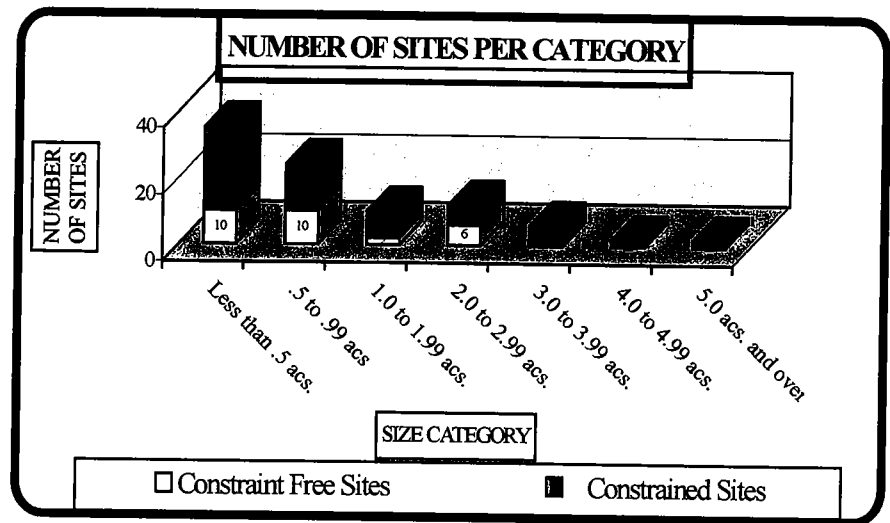


Figure 4

## Zoning of Available Lands

One aspect that is not dealt with either in the constrained or constraint-free sites is the current and future zoning/plan classifications. When compiling the inventory, land was included that is either zoned some type of commercial use or is under the planned designation as a commercial use property. Only the exact zoning classification is known, i.e. C-1, C-2, etc., because the Metro Plan designates properties by use type, such as commercial, residential, industrial, etc. Figure 5 reflects the summary of the lands included in the inventory, their current zone classification, plan designation, the number of parcels, and total acres by category.

Included in this study/inventory is 46.45 acres of lands that are designated for commercial use, but have a current zone classification other than commercial. Changing property zoning adds an additional step in the development process. In selecting data to be examined in this study, the general guideline was to review property that is either zoned some type of commercial use and/or property that is designated for commercial use. Figure 5 shows the current zoning of all lands included in the study as well as their plan designation. According to the current planned designation as shown through the LCOG database, an additional 18 acres are planned for some other type of zoning classification other than commercial use. Approximately 5 of the acres are included in the constraint-free category. Although this information is shown to be another type of zoning, it is assumed that there are possible errors, and that the land, in fact, will be included as part of the commercial inventory. If not, the inventory discussed in this study should be reduced to reflect that change.

Zoning	Plan	Constraint Free Sites		Constrained Sites	
		# of Sites	Total Acs.	# of Sites	Total Acs.
AG/UL	Commercial	2	2.86	2	5.91
C-1	Commercial	2	0.93	1	0.47
C-1	LDR	1	2.09	1	0.49
C-1/PD	HDR	0	0	2	2.19
C-1/PD	MDR	0	0	1	1.36
C-1/SR	Commercial	1	0.63	0	0
C-1/UL	Commercial	1	0.28	3	5.64
C-1/UL	LDR	0	0	4	1.78
C-2	Commercial	10	5.87	17	18.54
C-2	HDR	1	0.51	2	0.56
C-2	LDR	0	0	1	0.51
C-2	Open Space	0	0	1	0.33
C-2	U. Research	2	3.75	0	0
C-2/PD	Commercial	0	0	1	2.44
C-2/SR	Commercial	2	3.04	4	7.71
C-2/SR	LDR	2	2.15	0	0
C-2/SR	Major Retail	0	0	1	2.13
C-2/SR	MDR	1	0.62	0	0
C-2/UL	Commercial	0	0	3	5.09
GO	MDR	0	0	1	0.95
GO/PD	MDR	0	0	1	4.63
GO/SR	Commercial	0	0	1	0.45
HDR	Commercial	1	2.74	0	0
I-2	Commercial	1	0.60	12	9.20
I-2/UL	Commercial	1	0.77	0	0.00
I-2/WP	Commercial	1	3.50	1	0.80
LDR/UL	Commercial	0	0.00	1	3.02
LDR	Commercial	0	0	1	8.28
TOTALS		29	30.34	62	82.48

Figure 5

## Redevelopment Land

Included in the inventory is an estimate of available redevelopment land. As discussed in the introduction section, properties with improvement values of less than \$10,000 as well as properties in which the improvement value was less than 25% of the land value were included. There is a total of 42.3 acres of land that have minimal improvements included as part of the constrained supply of commercial land. This data is included as part of the available commercial lands. The 42.3 acres of land with improvements account for 40% of all land in the commercial inventory.

The difficulty in utilization of these types of land is that the improvements are still generating income, and the value of the property, as improved, still exceeds the vacant land value. Historically, Eugene properties have not been redeveloped, but are continually upgraded or renovated to maintain some value. Most of the time the work doesn't maximize the value of the property, but simply increases the improvement's economic life. Often, owners of these potential redevelopment properties can't afford to redevelop the property because of existing debt or lack of funding.

A case could be made that there is substantially more redevelopment land available, along such corridors as 1) West 6<sup>th</sup> & 7<sup>th</sup>, west of the downtown core, 2) some of the commercial lands to the south of the downtown core, or 3) lands along Highway 99N. There is a substantial amount of underdeveloped land in these areas. One of the problems is that most sites are very small. There is not contiguous ownership and for redevelopment to be financially feasible, assemblage of several lots might be required. Again, this has not been a trend in the Eugene marketplace, and is not expected to become a trend in the near future.

In addition, market trends have not moved into the areas identified above. Land value does not support redevelopment. Municipalities in various locations throughout the country have forwarded a variety of regulatory solutions to promote more redevelopment. To date, there has not been a truly successful plan created that effectively stimulated redevelopment. As an example, the downtown core of Eugene has been under redevelopment strategies for more than three decades, and true redevelopment has not yet occurred. There has been some infill redevelopment with some moderate success. The lands included within the study are truly those lands that are felt to have a reasonable potential for redevelopment.

*There is a total of 42.3 acres of land that has minimal improvements and would be available for redevelopment.*

## Comparative Data

This section is presented to compare the ECLS 1986 through 1990 inventories compared to the information developed through this study. Figures 6 and 7 show the general use of commercially zoned and designated lands both as of January 1988 and January 2001. The charts show distribution of lands based on the current use at the time the chart was developed. One obvious comparison is the amount of increase of the total commercial land which is now in commercial use, from 47% to 61%. A significant reduction has occurred in the amount of residentially used land as a percentage. According to the LCOG database, there is approximately 300+ acres of vacant commercial land. This is contrary to the findings of this study. Total vacant lands based on this study should be approximately 71 acres (113 total acres less underimproved lands of 42 acres).

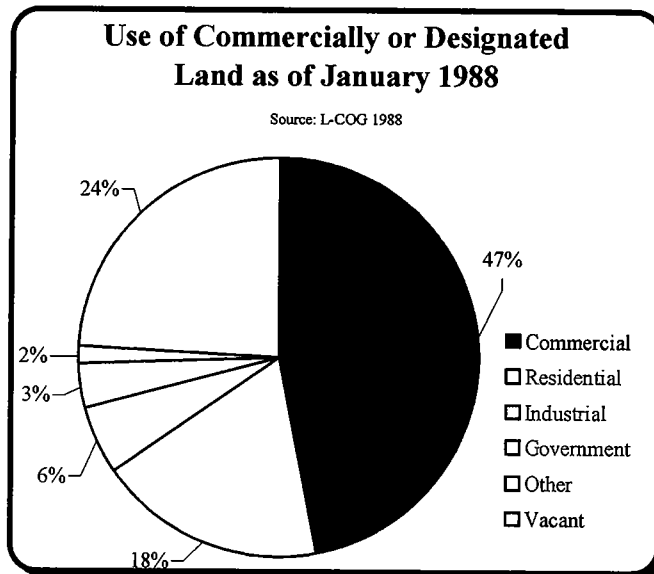


Figure 6

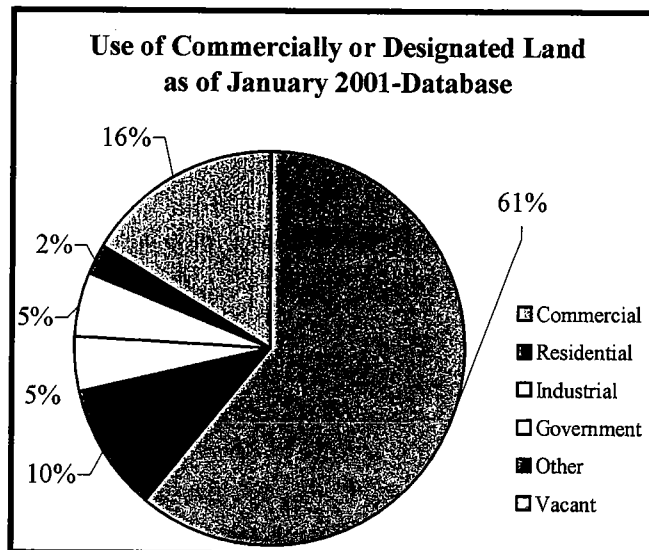


Figure 7

Following is Figure 8, the previous pie chart redeveloped to show what this study's results suggest based on information received from LCOG combined with this study. The reconfigured pie chart shows less than 3% of all zoned/designated commercial lands are still vacant. The obvious discrepancy is land referred to as undeveloped in the LCOG database.

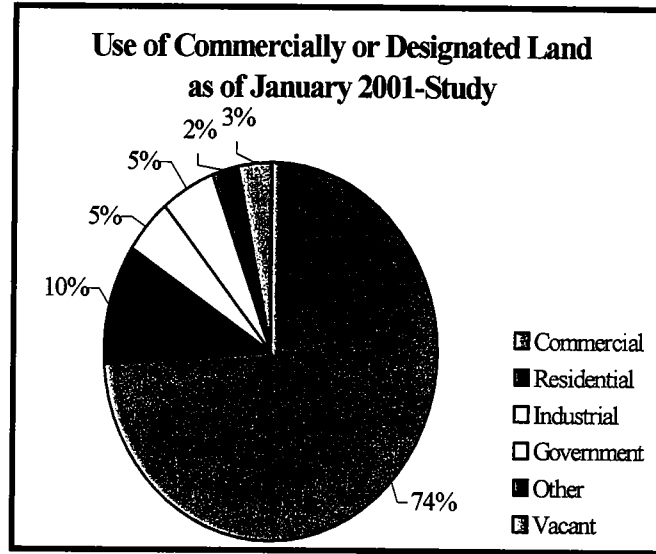


Figure 8

*Note: Remember that of the 113 acres currently, the inventory includes approximately 42 acres or slightly over 40% of those lands being in a use that has some type of improvement currently on the site.*

The 1992 ECLS concluded that as of January 1989, the commercial buildable land inventory for the Eugene Urban Growth Boundary was 505 acres. This consisted of 274 acres of commercial, 40 acres of office, and 191 acres of a category referred to as other (those lands that are zoned other than C-1, C-2, C-3, C-4, or GO, but are in the planned designation as being converted to commercial usage). The following chart shows a comparison between the 1989 data and the December 2000 data.

Figure 9	Commercial	Office	Other	Total Acres
January 1989	274 acres	40 acres	191 acres	505
December 2000	78 acres	6 acres	29 acres	113
% Change	-72%	-85%	-85%	-78%

Figure 9 shows the dramatic change that has occurred and the reduction since January of 1989 in the total commercial and other land inventory. The overall reduction has gone from 505 acres (according to the January 1989 data published in October of 1992) to a December inventory of approximately 113 acres, a reduction of 78% in the available commercial lands.



## Quality of Available Commercial Lands

A predominate characteristic that becomes apparent in the supply of commercial land is a lack of quality sites. When viewing the number of parcels (there are 91 included within the report) 29 of those are constraint-free, and only nine are 1 acre or larger. Most of the sites reviewed are either infill sites, smaller, or leftover commercial parcels located adjacent to or behind other commercial developments. When reviewing the individual sites, it becomes very apparent, there are only a few average quality sites; most are just fair to poor. Recognizing the sites even reduces the quality further. The available prime sites in Eugene are gone, as well as the better than average sites. The half dozen remaining vacant parcels that are good quality sites, have been purchased for immediate development, at which point nearly all sites in the market will be less than of average quality. Quality being determined by reasonable exposure to major commercial arterials, having reasonable services, and offering development potential in areas needed.

*In brief, the supply of commercial land has diminished to a point where development of primary commercial project could not occur, because of the lack of significantly larger parcels.*

## Commercial Land Supply Conclusion

The quality of the parcels has deteriorated considerably since the 1992 ECLS. The general quality has diminished to a point where redevelopment will become the only alternative if additional land is not made available. Redevelopment will be time consuming, expensive, and may, from a financially feasible standpoint, be impossible. Redevelopment of these or other parcels will require assemblage of properties in which improvements still have some economic life, making it very expensive, and therefore, likely not financially feasible for development. This is **NOT** an opinion, redevelopment is not a practical solution to fulfill the commercial needs of a community. This type of development can only fulfill a small percentage of the identified need.

Appendix B of the 1992 Eugene Commercial Lands Study lists on pages B-1 and B-2, the constraint-free commercial sites above ½ acre available as of July 1991. After reviewing the document, it was found that nearly all of those sites have now been improved, and most of that land is no longer available. The only parcel larger than 3 acres in size are 4 contiguous tax lots located on West 11<sup>th</sup>, currently zoned I-2. This property was recently acquired and the old auto parts/wrecking yard removed from the site. The supply of better quality sites available in 1990 has been absorbed. The key areas where land was available included Coburg Road at Crescent and Chad Drive, Delta Highway/Green Acre node, Division Avenue/River Road, Barger and Belt Line, and West 11<sup>th</sup> Avenue from Seneca through Belt Line. That supply of land has been absorbed. Notably, these sites are all located along major thoroughfares, in particular Belt Line Highway. Office nodes along Country Club Road as well as the available commercial and office lands around Valley River Center and Valley River Village have all been absorbed. These parcels have access, visibility, and/or exposure to a major thoroughfare, I-105 or Delta Highway, characteristics that no longer exist for sites in the current inventory.

## Demand Analysis for Commercial Land

Estimating the amount of commercial land that will be needed in the future is always a difficult function. The two generally accepted methods have typically been historical data and an employee-per-acre ratio. The original study was based on information received from LCOG with regard to estimated supply based on an "employee-per-acre-ratio". In the 1992 Eugene Commercial Lands Study, it was determined that demand for vacant commercial land by the Year 2010 would be 532 acres. That table is presented on page II-15 of that study. That table describes the adjusted total supply of lands as well as the estimate of the demand for vacant land through 2010. The adjusted total supply is indicated at 702 acres, which included the Glenwood area at the time, and 18 acres of surfaced parking lots owned by the Eugene Renewal Agency. Removing these two items suggests a total supply of approximately 640 acres within the Eugene Urban Growth Boundary. It was previously indicated that there was approximately 505 acres of commercial land in the original ECLS. Within this supply was approximately 180 acres of other zoned land, that would be used to satisfy future commercial demand. There was some other minor deductions that reduced the overall supply. A review of page II-15, in the ECLS will clarify the original supply and demand analysis. That summary page indicates the above 640 acres with demand over a 20-year period, ending 2010, would be 532 acres. This study concluded that supply exceeded demand by 170 acres.

*Based on these findings, absorption of commercial land over the last decade, the 1990s, has been over 400 acres. The amount absorbed in the last decade exceeding the 1992 projection for, of 260 acres needed by the Year 2000.*

Interestingly, based on this study and the indicated conclusions, there is approximately 113 acres of available commercial land. Not considered in these numbers is the fact that some additional lands have been converted to commercial uses, or that quasi-commercial uses have been allowed on other zoned lands, (such as the Chad Drive area where office buildings are constructed on the special light industrially zoned lands. )

The decade of the 1990s was a rapid growth period for the Eugene area. The market has slowed dramatically in the last 3-4 years. However, absorption of commercial land is being reviewed over a decade, which included the slow period of the late 1990s. The average absorption over the past decade has been approximately 40 acres per year. If that current rate was to continue, all lands within the inventory, both constraint-free and constrained sites, would be absorbed in the next 3 years. This is obviously impossible since over 40% of the lands in the inventory would require redevelopment of existing sites. As discussed, population growth in the Eugene area has slowed over the last few years. As population growth slows, absorption may follow, which might allow another year or two before all lands, in theory, would be absorbed. Further compounding the problem is that there are no large sites remaining that can be developed into centralized or node type developments. All of the sites available are scattered throughout, most being in small parcels. Realistically, without considering a demand analysis, an easy conclusion is Eugene is virtually out of commercial land for further development, other than one or two midsized parcels (2-6 acres).

As discussed previously, the ECLS included an estimate of demand based on an

employee-per-acre ratio. This technique was used nationally and was adopted by LCOG for a demand analysis process in the late 1980s. Basically, the approach is to project the growth of employment in different sectors of employment and then translate that into an estimate of the amount of commercial land needed. Clair Van Bloem, LCOG, indicated recently that a review of that process a few years ago showed that it generally underestimated the amount of land required. To verify this assumption, the employment-per-acre ratio was utilized with the actual change of employment between 1990 and 2000. The model indicated that approximately 385 acres should have been absorbed. This further supports the LCOG conclusion that the model is a low predictor, certainly when considering the amount of other zoned land absorbed for commercial uses.

There are likely very sophisticated models in which to project demand for commercial land over the next 10-20 years. It is beyond the scope of this document to attempt to utilize those models as predictors. However, historical data would seem to be a reasonable basis for forecasting land in the future. This is not an attempt to accurately predict the required land inventory, but simply to view historical growth as that growth compares to the future and how that may translate into some comparative measurement between possible demand for land compared to current supply.

According to information received from the Center for Population and Research and Census at PSU, population in Eugene increased from approximately 112,700 in 1990 to 136,800 in 2000, or an increase of 21.4%. This results in an increased population of approximately 24,100 people in Eugene.

According to information within the TransPlan, Chapter 1, page 2, population is expected to increase by 34% in the Eugene/Springfield area by the year 2015. This document was published in May 1999. A 34% increase over the next 15 years from the 2000 population of 136,800 results in an additional population growth of 46,500 people (approximately 31,000 by 2010).

Employment increased from 1988 of 74,224 to 2000 of 98,222 or an increase of approximately 32%, or 24,000 people. Again, the TransPlan information was used, and it was stated "*employment in the region is expected to grow at 43% during the same period (by 2015).*" Utilizing the actual employment projections for 2000 for Eugene of 98,222 people, a projected gross of 43% by the year 2015 results in an increase in employment of approximately 42,235 (approximately 28,000 by 2010).

The indicated increase in population and employment growth exceeds the growth during the 1990s. If growth in employment and population is any predictor of demand for commercial land, then at least as many acres that were absorbed during the 1990s would be absorbed between 2000-2010. Recognizing that some demand was satisfied by locating commercial oriented uses on other zoned sites, total commercial demand should exceed that absorbed during the 90s. This could be particularly true since there is no real substitute land available for commercial development. Such as the Coburg Road and Chad Drive location that has been utilized in the past decade.

## 1990 Projections

In an effort to understand the lack of accuracy of the projection, data from the ECLS was utilized. On pages III-XIV, it reflects the 1988 population and the year 2010 population estimate. Included in that is the portion of the unincorporated area of River Road/Santa Clara. Removing that area and simply taking an average of the two results in a population estimate for the Year 2000 of 137,500. Eugene's population for 2000 is shown currently as 136,800. Although data could not be found, the 136,800 population is assumed to include those areas incorporated within River Road/Santa Clara over the last decade, as well as other lands annexed and improved with residential properties. Based on this quick overview, it would appear that the original land study projections were very low. It would appear that population growth has in fact been approximately what was expected in 1990, and yet commercial land absorption has more than doubled than originally expected.

## Demand Findings

The ECLS projected a 20-year absorption of 532 acres. A mathematical half for the decade of the '90s would suggest absorption of 266 acres in the first 10 years. Reasonably, over the 20-year period, demand on an annual basis should increase slightly as population and employment grow. Absorption of the first 10 years should not be half, but in fact be something less. Utilizing a constant rate of growth over the 20-year period, absorption should have been approximately 240 acres. Based on the analysis, absorption in the first 10 years was near 400 acres of commercial land, as well as other zoned land. As realized by the LCOG staff a few years ago, the use of the employee-per-acre ratio for the 1992 Eugene Commercial Lands Study results in a low estimate.

Recognizing the projected growth of population and employment, as well as the limited amount of commercial land, it is easy to assume up to 500 acres could be absorbed in the next 10 years. This study indicates there is approximately 113 acres available. As discussed, the quality of this land is less than desirable. In conclusion, somehow the commercial land inventory must be dramatically increased.

## Supply & Demand Conclusions

- ◆ Commercial land inventory has diminished to a point in which there is virtually no reasonable quality sites available.
- ◆ Absorption of commercial land during the 1990s was estimated to have exceeded 400 acres, in comparison to the projected 240 acres.
- ◆ Over 40% of the land currently in the commercial land inventory is improved and would need to be redeveloped.
- ◆ Less than 30% of available commercial land inventory is considered to be constraint-free sites.
- ◆ There is only two designated commercial site of 5 acres remaining within the study boundaries.
- ◆ Nearly 30% of the commercial land inventory is of sites less than 1 acre.
- ◆ Based on population and employment projections, demand for commercial land could reach 700 to 900 acres over the next 15 years.
- ◆ No level of redevelopment could practically satisfy demand.
- ◆ Redevelopment has not significantly impacted commercial land demand.
- ◆ Redevelopment can be expected to satisfy no more than 10% of the commercial land demand in the next 15 years.

\$ 5.00 (Chamber Members)  
\$15.00 (Non-members)

# An Analysis of the Supply of Industrial Land

Eugene, Oregon

May 2001



Eugene Area  
Chamber of  
Commerce



**Eugene Area  
Chamber of  
Commerce**

**EXECUTIVE SUMMARY  
INDUSTRIAL LANDS ANALYSIS  
LOCAL GOVERNMENT AFFAIRS COUNCIL  
EUGENE AREA CHAMBER OF COMMERCE**

**OREGON'S LAND USE LAWS**

Oregon's Land Use Program includes nineteen statewide planning goals. Cities and counties must adopt comprehensive plans and ordinances that are consistent with these goals. Even though it is seldom the focus of local planning initiatives, one of the nineteen goals speaks to the important link between a healthy local economy and the livability of our state. *Goal 9* calls for diversification and improvement of the economy. It asks communities to inventory commercial and industrial lands, project future needs for such lands, and plan and zone enough land to meet those needs.

Specifically Goal 9 states that comprehensive plans for urban areas shall:

1. Include an analysis of the community's economic patterns, potentialities, strengths, and deficiencies as they relate to state and national trends;
2. Contain policies concerning the economic development opportunities in the community;
3. Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies;
4. Limit uses on or near sites zoned for specific industrial and commercial uses to those which are compatible with proposed uses

**EUGENE'S CHALLENGE**

The most recent update to Eugene's *Metropolitan Industrial Land Inventories* was adopted in 1993. During the decade of the 1990s, the community experienced solid economic growth. In addition, the City of Eugene has embarked upon several planning initiatives that have, or will have, a significant impact on the supply of commercial and industrial lands.

**THE CHAMBER STUDY**

The Chamber's Local Government Affairs Council supports Oregon's land use laws and is deeply concerned that there is an inadequate supply of industrial lands to meet both the economic needs of the community and the objectives of Statewide Planning Goal 9. In an effort to determine the current supply of industrial lands within the City of Eugene, the Chamber contracted with Rick Duncan of Duncan and Brown, Inc. to provide an update to the 1993 study.

The objectives of the Chamber study included:

- Estimating the inventory of industrial lands within the Eugene area.
- Providing an interim check on the Metropolitan Industrial Land Study original 20-year absorption projections.
- Determine if remaining inventories of industrial land are sufficient to meet projected demand.
- Measure potential demand over the next 10 years.

### **MAJOR FINDINGS**

- There are 1,214 acres of industrial land available in Eugene, including Campus Industrial (232.6 acres), Heavy Industrial (203.8 acres), Light/Medium Industrial (551.7 acres), Special Heavy Industrial (226 acres).
- 1,350 acres of industrial land were absorbed over the last decade versus the City of Eugene Industrial Lands Study (July 1993) projected estimate of 265-475 acres.
- Of the industrial lands currently available, only 484 acres are constraint-free.
- Of the 79 constraint-free industrial parcels identified in the study, 53% are three acres or smaller in size.
- Demand for industrial land over the next tens years has been estimated by the Chamber study to exceed 1,500 acres.

### **CONCLUSIONS**

The purpose of the Chamber's analysis was to determine if there is an adequate supply of industrial land to support a strong and vital local economy and to meet the requirements of Oregon's Land Use Laws. The findings of this study have clearly indicated that there is an insufficient supply of both commercial and industrial land to meet the community's projected needs.

To address this pressing community challenge, the Eugene Area Chamber of Commerce is committed to:

- Working with the Eugene City Council and Planning Commission and other interested parties to craft realistic solutions to address the shortage of commercial and industrial land.
- Actively opposing any planning or land use actions that would further reduce the supply of industrial land within the urban growth boundary.

### **FOR ADDITIONAL INFORMATION CONTACT**

Dave Hauser CCE  
President  
Eugene Area Chamber of Commerce  
PO Box 1007  
Eugene OR 97440  
541-242-2350  
daveh@eugenechamber.com

Rick Duncan  
Owner  
Duncan and Brown Real Estate Analysts, Inc.  
1260 Charnelton  
Eugene OR 97401  
541-687-1938  
rick@duncanbrown.com



Copyright© 2001 by  
Eugene Area Chamber of Commerce  
All Rights Reserved

No part of this publication may be reproduced in any form, by photostat, microfilm, xerography, or any other means, or incorporated into any information retrieval system, electronic, or mechanical, without the express written permission of the copyright owner. Address inquiries regarding permission for use of material contained in this publication to:

Eugene Area Chamber of Commerce  
PO Box 1107  
Eugene, OR 97440  
541.484.1314

# EUGENE INDUSTRIAL LAND STUDY 2000

## Introduction

The primary objective of this study is to update the information from the Metropolitan Industrial Land Inventory (MILI) published in July 1993. The goal of that document was to inventory available vacant industrial lands. In addition, those lands were qualified as to being constrained or constraint-free lands. In addition, that study attempted to project the demand for industrial lands through the year 2010.

This study is again to inventory available industrial lands for four purposes: 1) to estimate the inventory of industrial lands within the Eugene area, 2) to create an interim check on the absorption of industrial lands as compared to the projection in the original study, 3) to determine if the remaining inventory of industrial lands will satisfy expected demand, and 4) attempt to measure the potential demand over the next 10-15 years. Under Statewide Planning Goal 9, local jurisdictions are required to maintain a reasonable inventory of lands to fulfill the development needs of the community. Absorption is defined as the change from the earlier inventory. This survey measures the absorption of the commercial land inventory since 1990. This absorption would have occurred through a variety of ways, i.e. commercial, other developments, wetland classification, and government acquisitions.

The Eugene Area Chamber of Commerce is concerned about the diminishing supply in industrial land. The Chamber contracted with Duncan & Brown, Real Estate Analysts, to complete this study. LCOG was contacted regarding the availability of data. LCOG, using a similar database to the data developed in the original survey, supplied a listing of all properties shown on their database to be zoned and/or designated as vacant industrial lands. Not only were the vacant industrial lands obtained, but also partially vacant sites and sites in which the improvement value from the Lane County Assessor's Office was less than \$10,000, or where the improvement value was less than 25% of the land value. These categories were all included. The purpose for including the partially or undervalued improvement categories was so determinations could be made if the land was available for redevelopment. To assure that as many parcels as potentially available in the marketplace were surveyed, the Lane County Assessor's Office was also contacted. From them, a list of all properties that they show being vacant industrial land was also included to create the master industrial land list.

Duncan & Brown, Inc.  
Real Estate Analysts  
1260 Charnelton  
Eugene, OR 97401

## Summary

In addition, the general quality has diminished, and further, there are very few larger sized parcels available. A lack of quality and size could affect the Eugene area with regard to the siting of a major employer. The conclusion of this study is that there is not significant land to comply with Goal 9, and that sufficient inventory be maintained within the Urban Growth Boundary. Based on historical absorption, there is likely less than 10 years of useable industrial land remaining. These conclusions do not even consider the changes in wetland definitions that have impacted the West Eugene area. In fact, the unknown impact could potentially reduce the inventory by an additional 25%.

## Supply of Industrial Land

*The findings of the Eugene Chamber Industrial Land Study (ECLS) indicate that Eugene's long-term supply of industrial development land is substantially more limited than was projected to be by 2000.*

The purpose of this section is to describe the supply of buildable industrial land within the Eugene Study Boundary as previously discussed. Bill Clingman of LCOG indicated that their database included more land than the Urban Growth Boundary and the Urban Reserve. The amount of additional land outside both boundaries is minimal. For discussion purposes, the Urban Growth Boundary and Urban Reserve basically establish the boundaries of this study. The area included within this report is that land within the database of LCOG, referred to as the Eugene Study Boundary.

The purpose of estimating the current supply of industrial sites is to determine if the available supply will meet or exceed projected demands through the year 2010 and beyond. This section is intended to discuss the industrial land inventory within the study area through December 2000. The study period was for the three months from September through December 2000. Available industrial land inventory is a dynamic figure because of the ever changing market conditions.

The data contained within the Lane County Assessment and Taxation (A&T) and Lane Council of Governments (LCOG) yield in excess of 1,250 separate tax lots that fit within the previously described criteria. As mentioned previously, sites indicated to either be vacant, industrial with less than \$10,000 improved value, or improvements values less than 25% of the total land value were contained in the master list.

A review of the 1,250 separate tax lots revealed that over 200 parcels were in public or quasi-public ownership. In addition, this includes 440 parcels that were removed from the study because they were improved or were an integral part of an improved property and would not be available for development.

These may include parking, storage, and/or yard area for industrial facilities. Also excluded were parcels that were impacted substantially by wetlands and were not available for development, because of the quantity of the wetland area.

There was approximately 385 parcels that were indicated to be less than an 1/2 acre and improved. Those 385 parcels totaled approximately 80 acres, or approximately

9,000 square feet each. Likely, many of these properties are partly improved. Another 34 acres were contained in an additional 43 sites between 1/2 and 1 acre in size. All parcels of a half acre in size or greater were field inspected. When measuring the supply of industrial land, contiguous parcels under the same ownership were considered as one larger site, versus numerous small independent pieces, except for lots in subdivisions which were counted separately. Of all accounts reviewed, there was found to be 142 parcels that fit within the parameters of the study, that is constraint-free industrial land, or industrial lands in which it would be possible to overcome the constraints.

*Statewide Planning Goal 9 requires the City of Eugene to provide an adequate amount of industrial land to meet projected needs for industrial development in the planning period. Utilizing the same general methodology as used in the original report, as well as other approaches to forecast needs, the City of Eugene will need approximately 1,000-1,200 acres over the next 10 years, with as much as 2,500 more acres over the next 20-year period.*

## Significant Findings

- ❖ According to findings from this study, approximately 1,350 acres of industrial land were absorbed during the decade of the 1990s, versus the 1990 projection of approximately 265-475 acres, or nearly 3 times the acres projected.
- ❖ Of the constraint-free lands documented in the 1990 industrial lands survey, nearly 2/3 have been utilized, while only 1/3 of the constrained properties were absorbed.
- ❖ Approximately 66% of the available land is constrained by a variety of sources such as wetlands. The effect on wetlands may even be substantially greater than anticipated in this study, due to recent changes in wetland delineations.
- ❖ Of the lands available, 484 acres, or 34%, of the remaining lands are constraint-free.
- ❖ There are seven constraint-free parcels between 20-50 acres in size. Those sites range from approximately 20-39.48 acres, with five of the seven sites being 20-25 acres in size.
- ❖ There is one constraint parcel, zoned Special Heavy Industrial, containing 415 acres. Of the constraint parcels over 20 acres, there are 25, 28, 36, 43 and 56-acre parcels.
- ❖ There are 79 constraint-free industrial sites in Eugene, over 50% are between 1-3 acres in size.
- ❖ The MILI indicated over 300 acres of additional industrial land in parcels less than 1 acre. In 2000 there is less than 110 acres contained within 420 sites.
- ❖ According to the LCOG database, there is an additional 800+ acres of industrially zoned/designated lands currently under public ownership.

## Constraint Analysis

A number of the sites included in the industrial land inventory have one or more elements that constrain the property being classified as constraint-free ready for immediate development. The constraint categories used in developing and categorizing the individual acres included access, easements, floodplains, underimproved, portion of a larger parcel, railroad ownership, public lands, residential, street improvement problems, topography, currently being used, and wetland impacts. These are similar constraints as detailed in the original 1993 Industrial Land Survey. An additional element that was considered in the analysis was the financial feasibility of a parcel. The original intent was to determine if the constraints financially impact the property to such a point that it is not or could not be developed within the foreseeable future. An example would be floodplain problems that would require an enormous amount of fill. Another concern could possibly be unstable soils. However, this process became too difficult to measure. Without interviewing each property owner, financial feasibility could not be tested. Therefore, this study includes all parcels without consideration for the financial feasibility of resolving constraints known or unknown that could be present.

*Examples of constrained acres on industrial properties include wetlands, topography, public ownership and access.*

The area of wetlands is always a confusing and difficult element to analyze on a property-by-property basis. The wetland impact is likely greater than measured in this study. Recent changes in wetland requirements have impacted properties greater than shown in the West Eugene Wetland Survey and other information available. The increased impact may easily reduce the inventory stated in this report by 15-25%. The wetlands reported in this survey are based on available information from the LCOG database and other completed studies that have been publicly published and available in the market.

One area of potential constraints not considered is underserved parcels. Services refer to utilities such as water, sanitary and storm sewers, electricity, etc. A basic assumption of this report is that any property within the study boundary would be capable of receiving public services. If public services are not capable of serving a site within the next few years, because of capacity problems, then the acreages reported in this study would be overestimated.

Figures 1 and 2 presented the general breakdown of the current industrial land inventory. Figure 1 represents the four classifications of industrial property and the amount of acreage reflected in this study for each category, both for constraint-free and constrained useable.

Figure 1					
	Campus	Heavy	Light/Medium	Special Heavy	Total
Constraint-Free	68.8	132.7	282.2	0	483.7
Constrained	<u>163.8</u>	<u>71.1</u>	<u>269.5</u>	<u>226*</u>	<u>730.4</u>
<b>Total</b>	<b>232.6</b>	<b>203.8</b>	<b>551.7</b>	<b>226</b>	<b>1214.1</b>

\*The Constrained Useable Special Heavy Industrial category contains 1 site.

There are 430 additional parcels, less than 1.0 acre, totaling approximately 110 acres.

Note that the 226-acre parcel reflected in the constrained category under special heavy industrial is a parcel currently owned by the Metropolitan Wastewater Management. According to Jim Johnson, City Manager, that parcel could be made available in the future if the MWM agrees to resell the property. This property is included in this inventory, but is constrained both by some access problems as well as current ownership.

Figure 2 reflects a breakdown of the number of acreages for each constraint categorized within this report.

Figure 2	
Constraints	Acres
Access	287.9
Easement	1.9
Floodplain	34.1
Improved	57.1
Larger Parcel	43.8
Railroad Ownership	1.8
Public Land	17.2
Residential	6.9
Street Improvements	36.6
Topography	1.1
Being Used	1.5
Wetlands	249.7

## Size Breakdown

An interesting characteristic is reported in the MILI. There were over 300 acres of additional industrial land in parcel sizes under 1 acre. In the most recent inventory, that amount of land has decreased substantially to an estimated 110 acres. There are approximately 34 acres of that total contained in 43 parcels ranging in size from .5 acres to .99 acres. The remaining approximate 80 acres is contained in another 385 parcels, many of those being extremely small. As mentioned earlier, the parcels under 1/2 acre were not field checked. Likely many of these parcels are nuisance parcels, too small for any type of use, or are generally underimproved.

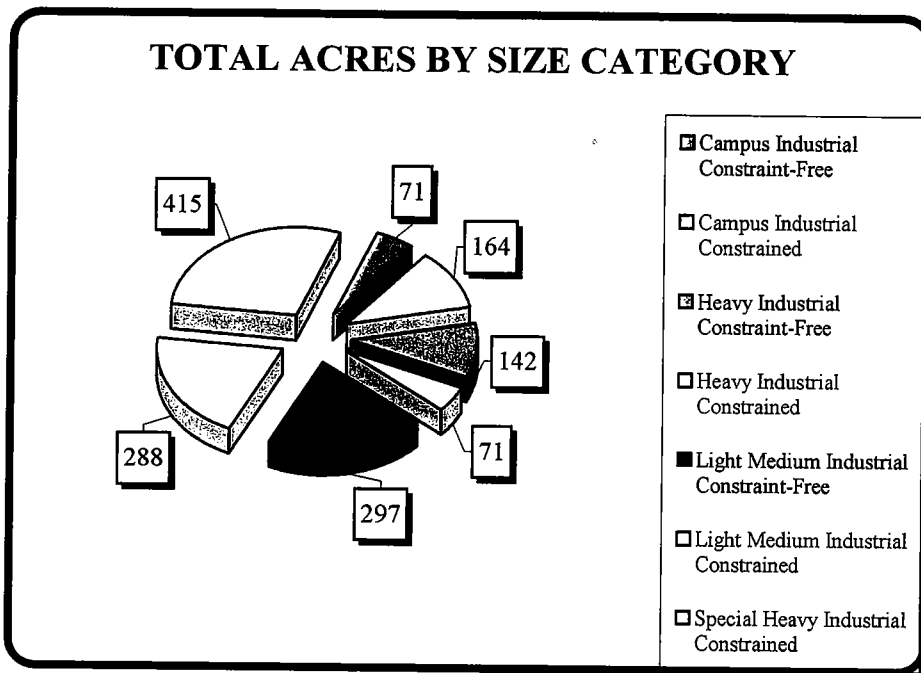
An important characteristic in the ability to develop a parcel is its size. Not only is it important to have an adequate inventory of vacant or land available for redevelopment, but variety of sizes of the parcels becomes very important. If land is dispersed in small parcels, industrial siting is difficult. Size was of concern in the MILI. In that document, there was a discussion that small firms are typically interested in parcels of 3-10 acres, with many users interested in parcel sizes up to 20 acres for future expansion potential. Again, indicated within that report "larger firms and industrial part developers prefer parcels within a larger, undeveloped area so the environment can be controlled. The total size of industrial park should be in the range of 50-200 acres in order to provide flexibility in the size of firms that could locate there." Agreeing with those statements, potential size of available sites becomes important. Very few firms can operate on small sites. The smaller sites are typically used for supporting industrial and other uses in the community. Figure 3 reflects a size breakdown for the constraint-free and constrained sites, by a variety of size categories.

Figure 3

Size Breakdown Range	Constraint Free Sites					
	Campus Industrial		Heavy Industrial		Light/Medium Industrial	
	# of Sites	Total Ac.	# of Sites	Total Ac.	# of Sites	Total Ac.
1.0 to 2.99 acs	2	2.2	18	32.4	22	38.8
3.0 to 4.99 acs.	2	7.6	5	17.7	6	24.1
5.0 to 9.99 acs.	2	14.1	5	32.9	3	31.8
10.0 to 19.99 acs.	2	24.8	2	27.7	3	46.6
20.0 to 49.99 acs.	1	20.0	1	22.0	5	141.1
50 acs. and over	0	0	0	0	0	0
<b>TOTALS</b>	<b>9</b>	<b>68.8</b>	<b>31</b>	<b>132.7</b>	<b>39</b>	<b>282.4</b>
Size Breakdown Range	Constrained Sites					
	Campus Industrial		Heavy Industrial		Light/Medium Industrial	
	# of Sites	Total Ac.	# of Sites	Total Ac.	# of Sites	Total Ac.
1.0 to 2.99 acs	1	1.6	5	9.9	14	26.0
3.0 to 4.99 acs.	4	17.1	1	4.1	8	34.8
5.0 to 9.99 acs.	6	41.9	3	26.2	11	73.4
10.0 to 19.99 acs.	2	34.4	0	0	4	56.1
20.0 to 49.99 acs.	2	68.2	1	28.3	1	36.4
50 acs. and over	0	0	0	0	1	55.9
<b>TOTALS</b>	<b>15</b>	<b>163.2</b>	<b>10</b>	<b>68.5</b>	<b>39</b>	<b>282.5</b>

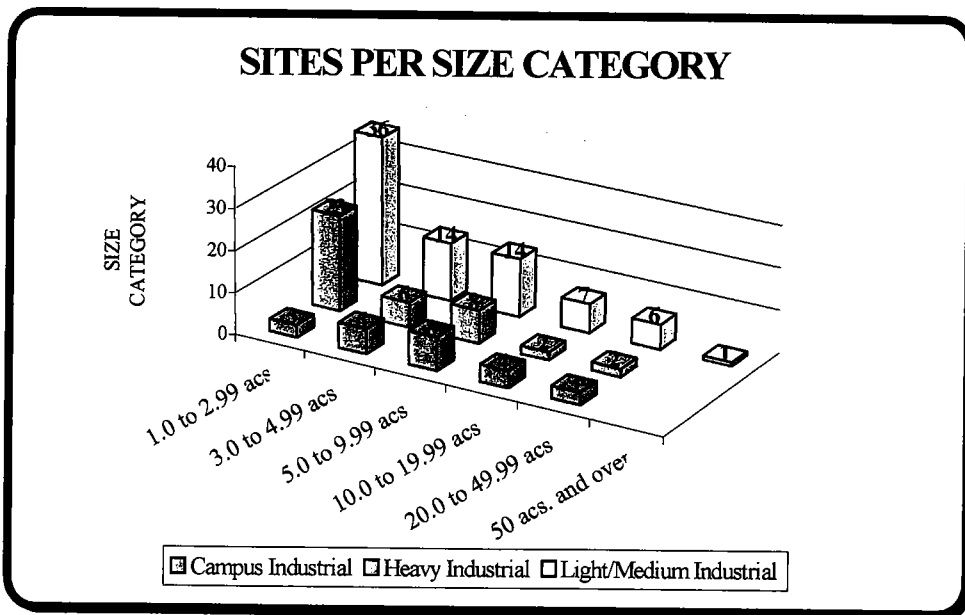
Figure 4 reflects total acres by size category within zoning classifications of the land currently available for development or redevelopment. As can be seen by the pie chart, a larger portion of the land has some type of constraint.

Figure 4



*The small number of parcels over 10 acres in size will dramatically reduce any likelihood of local companies expanding, or new companies viewing Eugene as a potential area for relocating.*

Figure 5 reflects minimal number of available sites. Once over 3 acres, the numbers available drop dramatically. These individual categories by zone, include both constrained and constraint-free sites. The small number of parcels over 10 acres in size will dramatically reduce any likelihood of local companies expanding or new companies viewing Eugene as a potential area for relocating.





## Zoning of Available Lands

One aspect that is not dealt with either in constrained or constraint-free sites is the current and future zoning/plan classifications. When compiling inventory, land was included that was either zoned some type of industrial use or under-planned designation or industrial use properties. After reviewing the data received from LCOG, most of the properties currently zoned other than industrial were excluded from the final results, because of some other reason that would not allow industrial development or redevelopment. Approximately 20 of the acres reflected in the constraint-free site section are zoned residential. Some zoning change would be required to utilize this property for industrial type uses. The sites range from 1-8 acres and are scattered throughout the study area. Many of the parcels have suffixes such as "SR" site review, but this is common and is expected on many parcels. Zoning does not appear to create a barrier in the development of industrial parcels.

## Redevelopment Land

Included in the inventory is an estimate of available redevelopment land. As discussed in the introduction section, properties with improvement values of less than 10% as well as properties with improvement values that were less than 25% of the land value were included. As a result, approximately 65 acres of currently improved land has been classified as available for redevelopment. The difficulty in using these types of land is that the improvements are still generating income and the value of the property as improved likely exceeds the value of the land as vacant.

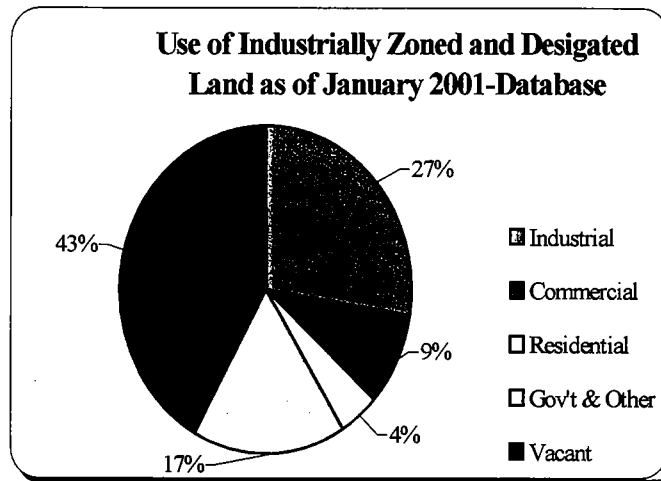
Historically, Eugene properties have not been redeveloped other than a few brownfields. An example of redevelopment has been the Pioneer Business Park, included in this study, and also the lands north of 6th/7th avenues, west of Garfield, which has been developed into a small industrial park. Certainly, redevelopment can play a part in future supply of industrial land. Redevelopment of brownfield industrial properties are difficult, mainly due to environmental issues. Most of the brownfield sites that would be available for redevelopment are older logging facilities, or possibly future sites owned by the railroad. However, the environmental cleanup for these sites is likely very large. Often, the cost of cleanup of these sites far exceeds the value of the property once the site has received "No Further Action" letters from DEQ. One of the difficulties with most of these redevelopment properties is their location. Most of the remaining lumber facilities, as well as the rail property are located in undesirable industrial areas due to surrounding property types, access, etc. The land that is currently included for redevelopment fits these categories of generally undesirable sites in areas which both employers and employees would not typically view as desirable employment areas.

## Comparative Data

This section is presented to compare the MILI data based on the late 1980 to early 1990s inventory to the information developed through this study. The data in the previous study indicated that there was approximately 2,772 acres of industrially zoned/designated lands located within the Eugene Urban Growth Boundary.

According to LCOG, the current industrial zoned and designated lands improved vacant or in other uses total approximately 5,273 acres. Figure 6 represents the data currently available through LCOG's database. In the data base is 2,213 acres reflected as vacant. Figure 7 represents the distribution using this study's findings of the inventory of industrial lands.

Figure 6



This study results in an indicated inventory of 1,214 acres total, a discrepancy of nearly 1,000 acres. Included within this study results are lands that are underimproved but were classified as potentially redevelopment sites. Those improved lands are included in the improved portion of the chart. After field examining the sites included in the database, it was realized that many of those sites are classified as vacant parcels that are being utilized in conjunction with improved parcels.

The previous study concluded that as of January 1989, the industrial land inventory for the Eugene area contained 2,772 acres. This category included slightly over 5 acres that were believed to be in the Riverfront Research Park, concluded to be commercial now, and approximately 262 acres of a classification called non-industrial. These were lands that showed a planning designation of industrial, but a zone designation of some other use, such as AG/UL or other city zoning classifications.

Figure 7

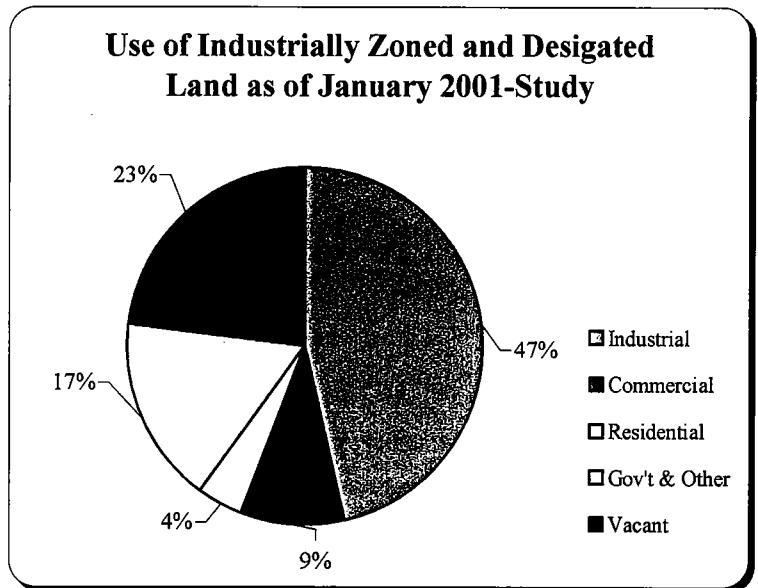


Figure 8	Campus Industrial	Heavy Industrial	Light/Medium Industrial	Special Heavy Industrial
January 1989	490	789	1,084	268
December 2000	232	201	552	226
Percent Change	-53%	-75%	-50%	-16%

Figure 8 shows the dramatic change that has occurred in the reduction in industrial land inventory since January of 1989. Figure 8 shows a comparison of the vacant lands between the 1989 data and the findings from the December 2000 study.

The MILI projected an absorption of industrial land between 525 and 950 acres over a 20-year period, or an average of 265-475 acres in the first 10 years. According to the findings of this study, over 1,350 acres were absorbed in the first 10-year period.

*Note: Remember that the existing inventory includes approximately 226 acres that has been purchased by Wastewater Management and may not become available as inventory. If that parcel is removed, absorption increases to approximately 1,575 acres, reducing available lands to less than 1,000 acres.*

## Quality of Industrial Lands

In the past, it has often been thought that industrial land should be located away from the better commercial and residential areas, because of the general nature of the uses and the tendency to want to "hide" those uses in the community. This was particularly true in Eugene up until the last couple of decades. Industrial land was typically located on the outskirts or concentrated in one area. General national trends have changed over the last few decades. Industrial sitings are now becoming attractive projects and are located in areas close to commercial and residential uses, as well as transportation corridors. After reviewing the data available of industrial lands, it is easy to conclude that the supply of lands is not of good quality. There are a few good sites available such as in the Greenhill Industrial Park and the minimal sites that are still available on Chad Drive. Most of the remaining lands are located in areas that are not highly sought after industrial locations. Further compounding the problem is the ever-decreasing number of constraint-free sites. Brownfield sites usually have some type of problem which will require more government intervention as the sites are developed. This type of intervention will tend to increase costs of developing. Redevelopment of existing industrial parcels will be difficult. The areas where potential redevelopment sites are located are not generally desirable and even after redevelopment, will not likely be considered as quality locations. Old development trends will create difficulties in future redevelopment. There is a general lack of quality in the large majority of remaining industrial vacant land or redevelopment sites.

## **Industrial Land Supply Conclusions**

In brief, the supply of industrial land has diminished significantly over the last decade. There are very few sites that offer true development potential. Most of the land inventory is maintained in sites less than 10 acres in size. The larger parcels that are available are located in less desirable areas and/or have constraints that will cause difficulty in development. The overall supply has already diminished to a level that was expected to exist after a 20-year absorption to the year 2010. During past absorption the better lands were absorbed and developed. Much of the available inventory is marginal and lacks the quality of lands sought by many users.

During this study, numerous individuals were interviewed and many voiced the same concerns. Those concerns dealt with the lack of sites for expansion of local businesses. There were two examples of owners of businesses who were native to Eugene that had developed their operations here and now cannot find expansion lands.

As always voiced, redevelopment is a potential life-saver to increasing land inventories. However, lands that could possibly be redeveloped are in marginal areas and likely have extensive environmental problems. Redevelopment is not often financially feasible for most properties. The cost to reclaim the property for redevelopment far exceeds any expectations of land values after the cleanup.

A review of the original industrial land study reflected industrial sites greater than 1 acre. After reviewing that study, the better lands that were available have been development or acquired by governmental agencies. A review of these maps in the study and the current industrial land map, shows that very few parcels have accessibility to major transportation arterials. The West Eugene Parkway would have likely offered some access to potential sites. Without the West Eugene Parkway, many of these sites will have less than acceptable access.

The decade of the '90s was a rapid growth period for the Eugene area. The market has slowed dramatically in the last few years. However, absorption of industrial land is being reviewed over a decade which included the slow period of the late '90s. The average absorption over the past decade has been approximately 135 acres per year (155 acres per year including the Wastewater Management site). If that current rate was to continue, all lands within the inventory, both constraint-free and constrained sites would be absorbed in the next 5-8 years. This statistic is misleading in that much of the land would not be suitable for a large percentage of the types of developments that have occurred over the last 10 years. In reality, at the past 10-year rate, industrial lands would be near nonexistent in the next 4-5 years recognizing that those availability of lands would not fulfill the true need of the user.

## Demand Analysis for Industrial Land

Estimating the amount of industrial land that will be needed in the future is always a difficult function. The two generally accepted methods used in the original study have been historical data and an employee-per-acre ratio. The original study was based on information received from LCOG with regard to the estimated demand based on the employee-per-acre ratio. In the MILI, it was determined that demand for industrial land through the year 2010 would be 265 to 475 acres. That information is presented in Chapter 7 of that report. Over 2,700 acres were shown within the Eugene Urban Growth Boundary at that time. That original supply would have suggested that there was ample supply for 30-50 years.

In developing the supply and demand analysis for the Eugene area, information had to be abstracted from the data since the original study was for the entire Eugene/Springfield Metropolitan Urban Growth Boundary. As has been discussed in the supply section, demand for land was substantially higher in the decade of the '90s, than projected. In fact, 3-4 times higher than expected. Based on this study and the indicated conclusions, there are currently less than 950 acres available in the Eugene Study area, excluding the one parcel owned by the Metropolitan Wastewater. The upper end of the 20-year projection at 950 acres didn't even come close to the lands absorbed based on this study's findings. If the additional wastewater site is included, the 10-year decade of the '90s absorbed nearly twice the upper end of the projection for the 20 years ending in 2010.

Information received from LCOG indicates that the amount of lands designated/zoned for industrial use within the Eugene Urban Growth Boundary has remained fairly constant over the last 10 years. This information suggests that the absorption findings are reasonable estimates of the actual land absorbed during the '90s. Since there has been no general change in these characteristics, there is no reason to assume that absorption is dramatically different than reported.

As population slows, absorption may follow which may allow another few years before all lands, in theory, would be absorbed. Further complicating the problem is that there are very few large sites remaining for development into centralized or node type developments. As the land inventory diminishes, a compounding affect will be felt throughout the industrial as well as other land inventories. Realistically, without even considering demand analysis, it is easy to conclude that Eugene is in short supply of industrial land, particularly better quality sites.

As discussed previously, the original study included an estimate of demand based on an employee-per-acre ratio. This technique is used nationally and was adopted by LCOG for a demand analysis process in the late 1980s. Basically, the approach is to project the growth of employment in different sectors, and then translate that into an estimate of the amount of industrial land needed. Clair Van Bloem, LCOG, indicated that a review of that process a few years ago shows that it generally underestimated the amount of land required.

In an attempt to use other components of the economy to measure and relate the amount of land absorbed, population growth as well as employment growth were considered

There are likely very sophisticated models in which to project demand for industrial land over the next 10-20 years. It is beyond the scope of this document to attempt to utilize those models as predictors. However, historical data would seem to be a reasonable basis for forecasting land in the future. This is not an attempt to accurately predict the required land inventory, but simply to view historical growth as that growth compares to the future and how that may translate into some comparative measurement between possible demand for land compared to current supply.

According to information received from the Center for Population and Research and Census at PSU, population in Eugene increased from approximately 112,700 in 1990 to 136,800 in 2000, or an increase of 21.4%. This results in an increased population of approximately 24,100 people in Eugene.

*With the projection that the population will grow at approximately the same rate as the last ten years and that employment will grow slightly faster, an absorption of a similar amount of acreage is possible, or 1,300-1,500 acres.*

According to information within the TransPlan, Chapter 1, page 2, population is expected to increase by 34% in the Eugene/Springfield area by the year 2015. This document was published in May 1999. A 34% increase over the next 15 years from the 2000 population of 136,800 results in an additional population growth of 46,500 people (approximately 31,000 by 2010).

Employment increased from 1988 of 74,224 to 2000 of 98,222 or an increase of approximately 32%, or 24,000 people. Again, the TransPlan information was used, and it was stated "*employment in the region is expected to grow at 43% during the same period (by 2015).*" Utilizing the actual employment projections for 2000 for Eugene of 98,222 people, a projected gross of 43% by the year 2015 results in an increase in employment of approximately 42,235 (approximately 28,000 by 2010).

Using simple historical data, looking at absorption in the last 10 years would be a reasonable indicator for the next 10 years. According to the Center for Population Research and Census at PSU, the growth rate of the 1990s for Eugene was approximately 2%. The growth rate from 1980 to 2000 was 1.3%, with 1970 to 2000 at 1.8%. The current suggestion in the TransPlan is slightly under a 2% growth per year over the next 15 years. Utilizing this growth rate would suggest that a similar amount of industrial land will be absorbed. Over the last 10 years employment has grown at approximately 2.1%, with a projection in the TransPlan at 2.4%.

## Demand Findings

A mathematical half for the decade of the '90s would suggest absorption of 265 to 475 acres. Reasonable over a 20-year period, demand on an annual basis, should increase slightly as population and employment grow. Absorption of land in the first 10 years should not be half but in fact, slightly less. Utilizing a constant rate of growth over a 20-year period, absorption should have been between 240 and 450 acres. Based on this study, absorption in the first 10 years was over 1,350 acres, more than three times that expected.

Historical data offers a good insight looking at growth into another projection period. As discussed, the employment-per-acre ratio used underestimated the demands of the 1990s. Using employee and population growth estimates suggests that the next 10-year period absorption will likely be more than the last 10 years. This based on information from the TransPlan with regard to employment and population increases as well as state employment projections. Historical data suggests that at least 135 acres per year will be absorbed. As population and employment increase, the average absorption per year should also increase. Planned growth in the area will likely equal or exceed growth over the last 10 years. Therefore, the 135 acres offers a conservative estimate. Based on employment and population projections, 175 to 240 acres per year may be more appropriate. In estimating this demand, it should be recognized that some of the industrial land that has been absorbed will be used to fulfill demand in the immediate future. However, the amount of land recently absorbed is only a very small percentage. Although more sophisticated mathematical models may be better in fine-tuning the projections, there is no reason to assume that with the projected increase in employment and population that the current land inventory will support the needs in the next 10-20 years.

Importantly, if these projections offer any insight into the future demand, there must be a recognition that this future demand will have to be satisfied by some source. The study determined that there are approximately 1,200 acres of available industrial land. If 1,700-2,400 acres of additional land are needed to fulfill future demand, more than that amount will be needed to be added to the inventory. This can be done by one of two ways: designated new areas for industrial development, or to intensify redevelopment of underimproved sites. As mentioned previously, redevelopment is costly and time-consuming. In addition, most of the redevelopment land is not in an area that is currently sought by project developers. Further, redevelopment land is not in close proximity to the residential population base. Further redevelopment cannot satisfy the anticipated demand. In fact, redevelopment can only satisfy a small percentage.

Further, to adequately satisfy demand, there must be excess inventory. If current demand equals current supply, not all lands will fulfill the needs of future users. Based on the current data, to adequately supply the next 10 year's worth of demand, that land inventory will somehow need to be increased by 1,500-2,000 acres. This will give an adequate supply to allow for acceptable development, based on the employment needs.

## 1990 Projection

Information was received from LCOG with regard to the data utilized for developing their employee-per-acre ratio. With regard to individual sector growth, the State of Oregon Employment Department's latest prediction is from 1998 to 2008. Utilizing that 10-year period and numbers received from LCOG, the overall prediction is 320 acres. However, relying on this technique is questionable since that is the process that was utilized in the earlier study that apparently well underestimated the amount of lands. Utilizing the same general methodology and using employee growth between 1990 and 2000, the indicated acreage required is calculated at less than 200. Yet, the current survey suggests that well over 1,200 acres have been absorbed. Obviously, this methodology raises a question in its utilization as a predicting model.

## Supply & Demand Conclusions

- ❖ Absorption of industrial land during the 1990s is estimated to be near 1,350 acres, in comparison to the projected 265-450 acres.
- ❖ Of the total number and acres available, excluding the Metropolitan Wastewater parcel of 415 acres:
- ❖ 45% of the available land are in parcels less than 10 acres (excluding the wastewater management parcel from the total).
- ❖ There are only 12 parcels scattered throughout the study area larger than 20 acres.
- ❖ There are only 13 parcels between 10-19 acres. Over 51% of the available land is classified as constrained acreages.
- ❖ There are 14 constraint-free parcels over 10 acres in size.
- ❖ Based on population and employment projections, demand for industrial land could easily exceed 1,500 acres over the next 10 years.
- ❖ No level of redevelopment could practically satisfy demand. Redevelopment will have a small impact on industrial land demand.
- ❖ Redevelopment can be expected to satisfy no more than 10% of the industrial land demand over the next 10 years.
- ❖

Current land supply should exceed 2,500 acres to adequately handle anticipated demand over the next 10 years. A 10-year demand is anticipated to be between 1,500-2,000 acres.



METROPOLITAN AREA  
GENERAL PLAN

Plan Boundary  
UGB

Major Roads

