Canby
Retail Market Analysis
Final Draft

PREPARED FOR

The City of Canby

PREPARED BY

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Project Overview

The City of Canby engaged Leland Consulting Group and Civilis Consultants to prepare this retail market analysis update of previous retail market studies completed for Canby—with a particular focus on how to attract more retail and retain/upgrade existing retail in areas with concentrations of local tenancies.

The City of Canby has many attractive elements—a charming downtown, a strong regional brand associated with agricultural and nursery industries, and hundreds of thousands of visitors coming to the State Fairgrounds ever year, to name a few. The purpose of this work is to provide new tools for the city and the private sector to leverage and interconnect these amenities and improve the vitality and economic output of the city's retail districts, and the value of those districts to Canby's residents.

Leland Consulting Group's role has been to lead the data collection and analysis of Canby's trade area, demographics, market conditions, and likely retail context over the next decade. Civilis Consultants has been working on-the-ground to better understand current market conditions with local retailers in order to provide new tools for the city, small business, and small property owners to retain and attract new retail.

This report is generally organized into two main sections:

- Canby Retail Overview, which summarizes the existing and projected future conditions—demographics and economics—in which Canby's retail will operate.
- Canby's Retail Areas, which zooms in to evaluate specific conditions in Canby's three retail areas: Downtown, Mid-Century Arterial (Highway 99), and Anchored Centers (Canby Square and Canby Market Center).
- Retail Recruitment and Retention Toolkit, which provides an assessment and series of recommended actions for the City and other stakeholders in the community.

In addition, the appendices contain a new Canby marketing flyer and a series of supporting data and information.

Canby Retail Overview

Canby's retail landscapes fall within three broad categories or types: Small Town Downtown, Mid Century Arterial, and Anchored Centers. When thinking of Canby's retail offerings, it is important to consider each retail type separately, since they truly function differently, and therefore require that the City and its partners adopt distinct approaches for improving performance and recruitment.

Some of the differences between the retail types are summarized in the graphic below. Canby's Small Town Downtown retail—mostly on 1st and 2nd Avenues—offers a unique, charming, and pedestrian-oriented *experience*. In fact, retail here competes primarily on the basis of the quality of the experience, rather than narrowly on convenience, amount of selection, or price. People sometimes go to the best downtowns to simply linger and enjoy the environment. In downtown Canby, both retail tenants and property owners tend to be smaller and locally based.

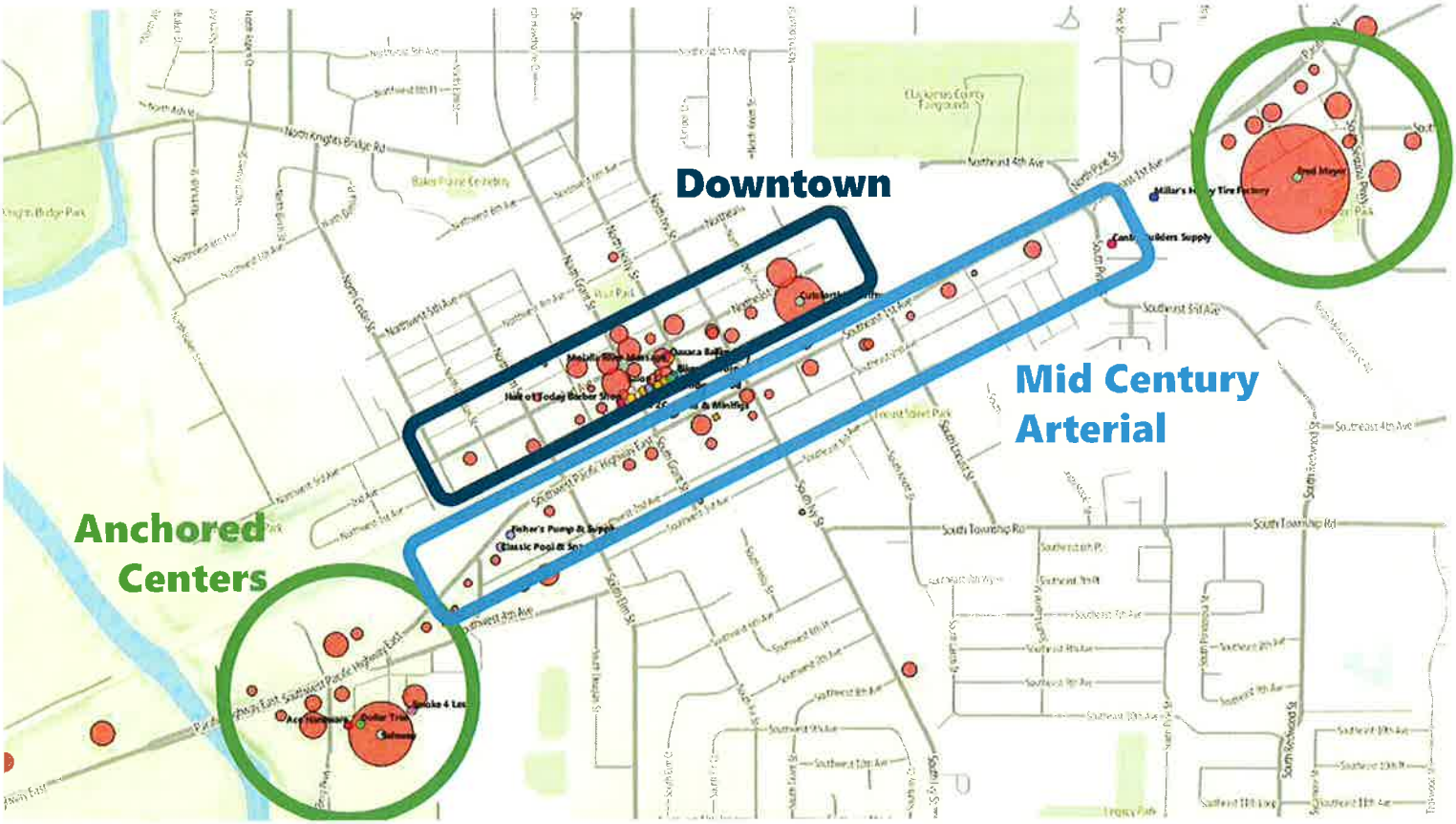
By contrast, Canby's Anchored Center retail environment—located within the Fred Meyer and Safeway Centers—is occupied by national and large regional anchor tenants, along with a mix of in-line tenants that are generally more local in nature.

National and regional retailers rely much more on raw economic and demographic data to guide their decisions about where to locate and what to sell. Their decisions are less emotional. The retail in these centers is sometimes referred to as convenience retail, since customers are deciding where to shop based on the convenience, ease of access, and selection, although experience is also important.

The Mid Century Arterial retail environment shares elements of both other retail types.

Because different retail typologies have distinct characteristics, unique physical environments, and optimal business mixes, this report addresses each of the retail types in order to offer specific tools for each.

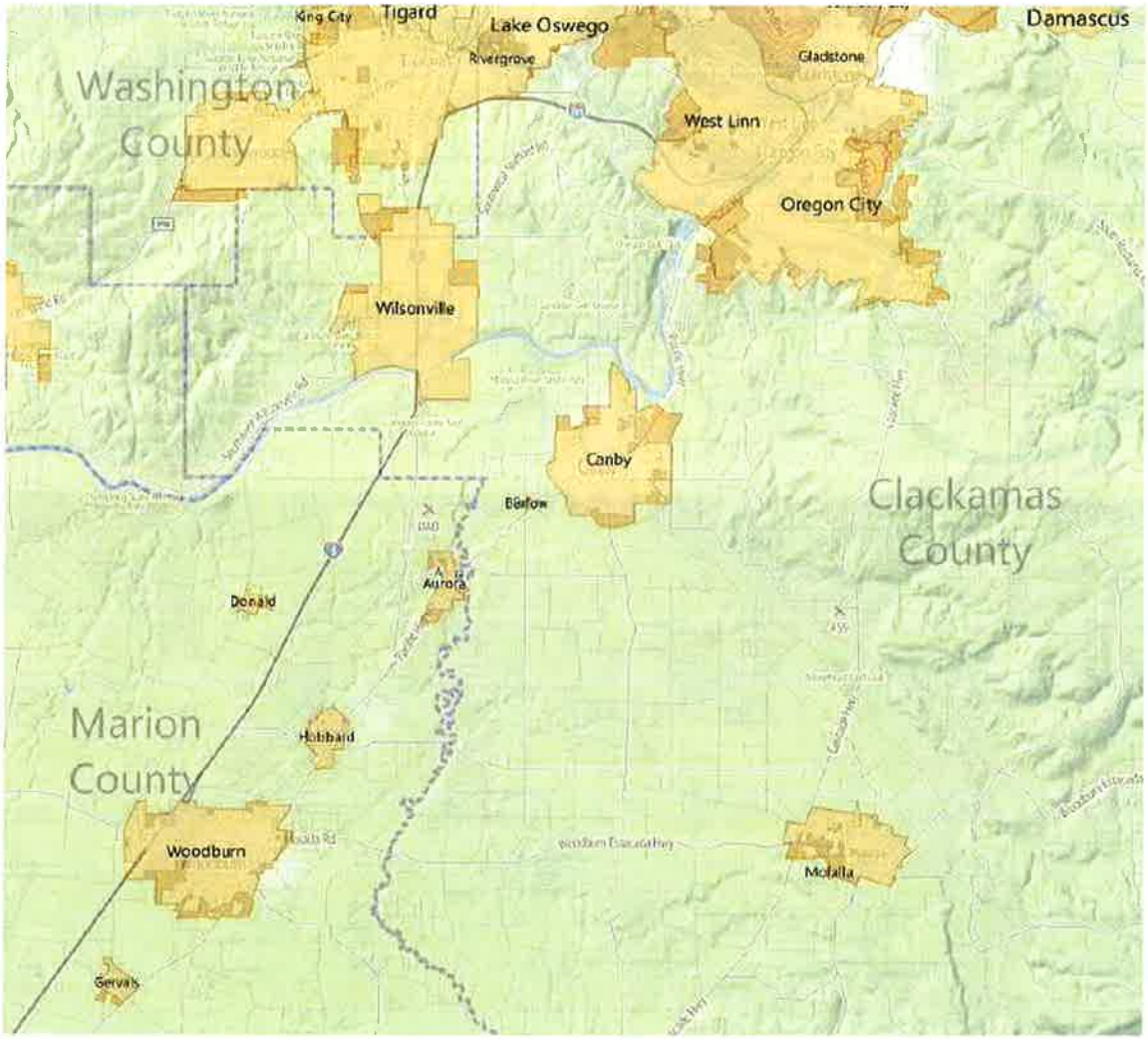
Figure 1. Canby Retail Maps



Retail Context

Canby is a pleasant, family-oriented City located close to, but just outside the formal boundary of the Portland metropolitan region as defined by the Portland Metro government. A map of Canby, and neighboring communities, is shown below. The Willamette River is an important amenity and landmark that both defines Canby and separates it from the rest of the Portland metropolitan area to the north and west. The river is an important boundary for retail, since many potential shoppers are unlikely to cross the river to shop. To Canby's South, the Willamette Valley broadens and is home to farms, other rural uses, and smaller towns including Molalla and Aurora.

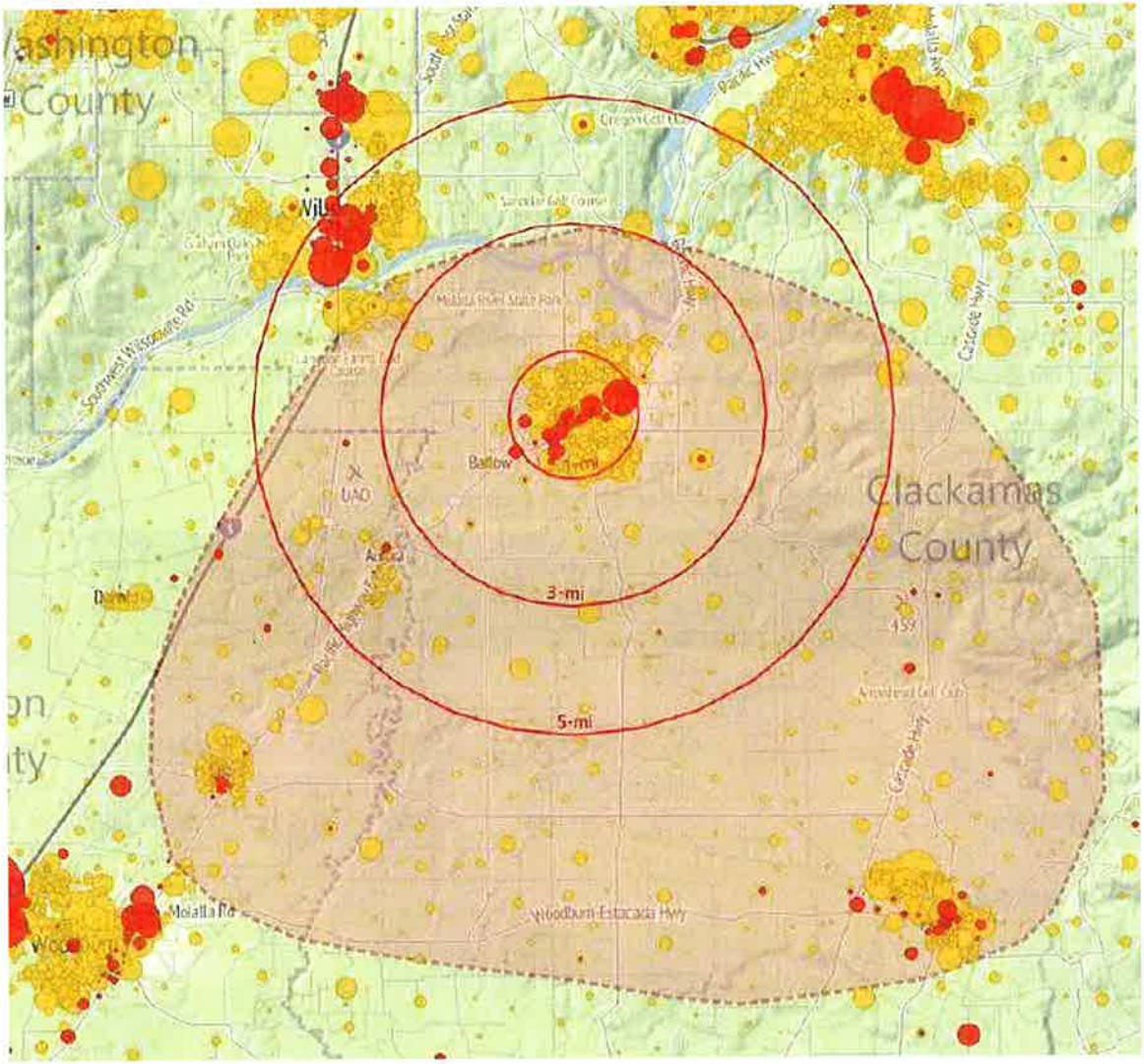
Figure 2. The Canby area



Retail Market Area

Figure 3 shows several ways that large-scale retailers and retail developers look at Canby's retailing environment. The red dots on the map are existing retail locations; yellow dots show the amount of housing by Census area. Both dots are scaled so that larger dots represent larger retail or housing concentrations. A retail industry saying is that "retail follows rooftops"—in other words, retailers want to be located within easy access to their customers' homes.

Figure 3. Canby Retail Market Area and 1, 3, and 5 Mile Radii



Source: US Census LEHD, 2014 data. (Note: Household dots do not show retired and unemployed population.)

Figure 3 also shows a Canby retail market area (red shape), and 1, 3, and 5 mile circles centered on Canby. The Canby *retail market area* was defined by Leland Consulting Group and is similar to the retail market area defined in Canby's 2012 report. In retail market analysis, a market area is defined as the area that will generate the majority (generally 70 to 80 percent) of demand for goods and services within the subject area (the City of Canby). Thus, Figure 3 shows that retail demand (people seeking to purchase goods and services) comes from an area much larger than the City of Canby alone. Because Canby offers the greatest concentration of retail for several miles, Canby attracts shoppers from elsewhere—

particularly to the south, where population density is lower and there are fewer retail competitors. The retail market area is referred to throughout this report.

Along with a defined market (or "trade" area) the 1, 3, and 5 mile radii are another set of geographical areas that are often used by national and large regional retailers and retail developers to assess the attributes of markets. This report largely cites information about the market area, rather than 1, 3, and 5 mile areas since the market area extends beyond even the 5-mile circle. Some demographic information regarding the 1, 3, and 5 mile areas is shown in Appendix A.

Demographics

When making location decisions, national and regional retailers review demographic information about households' education, incomes, earning potential, and rate of population growth, among other metrics. Retailers believe that these factors directly influence households' spending patterns. Not all national retailers are interested in the same metrics. For example, a key metric for Trader Joes grocery stores is education levels, while Whole Foods—also a gourmet grocery store—looks more at incomes. Naturally, different retailers who are seeking to appeal to different types of customers or income groups (e.g., high or middle-income), will seek different demographics. Some basic demographic information about Canby is shown in Figure 4 below, along with other geographical areas that are relevant from the point of view of retail analysis and comparison.

Figure 4. Key Demographic Metrics, City of Canby and Comparison Areas

	City of Canby	Canby Market Area	Clackamas County	State of Oregon	USA
Population 2015	16,070	50,162	391,018	3,953,654	318,536,439
Households - 2000	4,667	15,264	128,179	1,333,723	105,480,101
Households - 2010	5,647	17,946	145,790	1,518,938	116,716,292
Households - 2015 est.	5,771	18,596	152,737	1,575,755	120,746,349
Annual HH Growth Rate					
2000-2010	1.9%	1.6%	1.3%	1.3%	1.0%
2010-2015	0.4%	0.7%	0.9%	0.7%	0.7%
2015-2020 (ESRI proj.)	0.6%	0.8%	0.9%	0.8%	0.8%
Absolute HH Growth					
2000 to 2010	980	2,682	17,611	185,215	11,236,191
2010 to 2015	124	650	6,947	56,817	4,030,057
Household Characteristics					
Average Household Size (2015)	2.77	2.69	2.54	2.45	2.57
"Family" Households	73%	73%	69%	63%	66%
Single-person Households	22%	22%	24%	27%	27%
Renter Households (2015)	34%	27%	30%	36%	33%

Canby has a current population of about 16,000, and nearly 5,800 households. The city is expected to continue grow in coming years, which will drive additional demand for retail, though it is not expected to grow as quickly as during the 2000 – 2010 timeframe. 73 percent of Canby's households are "family" households (consisting of two or more related persons) and the average household size (2.77) is larger than the other areas we reviewed, including Clackamas County and the State of Oregon, underscoring Canby's identity as a family-oriented community.

Figure 5. Growth by Age Group, Clackamas County, 2015 – 2025

Source: State of Oregon, Leland Consulting Group.

Like most of the other demographic data used in this report, this data is drawn from several sources: ESRI Business Analyst Online, which draws on information published by the US Census and other public sources. ESRI is one of several private, third-party data providers used heavily by the retail and commercial real estate industries (another is Claritas), because it provides projections for non-census years (e.g., 2015), and non-census geographies, such as the "Canby Market Area" shown above. This creates more flexibility and adaptability for retailers and retail developers. While ESRI data may not always be precisely the same as projections made by public agencies such as the County or State, it is a reliable source that is broadly used by the commercial real estate community, and therefore the basis for much of this analysis.

Figure 5 shows Clackamas County's projected population growth for the next decade, by age group. Two general demographic groups will grow rapidly in the County (and in most other parts of Oregon and the United States): Baby Boomers, who are now 65 years or older, and Millenials, who will be entering their late 20s and 30s. As they have in the past, these groups will influence demand for all types of real estate, including retail, housing, healthcare, and employment centers.

Figure 6 below shows the number of new single family homes built each year in the City of Canby. Homebuilding in Canby is recovering after several very slow years. Multifamily housing development (generally rental apartments) has also come back strong. Two sizeable multifamily projects expected to break ground soon (Sequoia Grove and Territorial apartments) will add a total of 222 units to the market. 2016 levels of total housing development (single and multifamily) are similar to those seen historically: From the mid-1990s to 2007, between 100 and 200 homes were permitted in Canby each year. This information suggests that Canby's housing market is likely to follow the recovery pattern of Portland's regional housing market. These new residents will create additional retail demand.

Figure 6. New Single Family Homes Built by Year

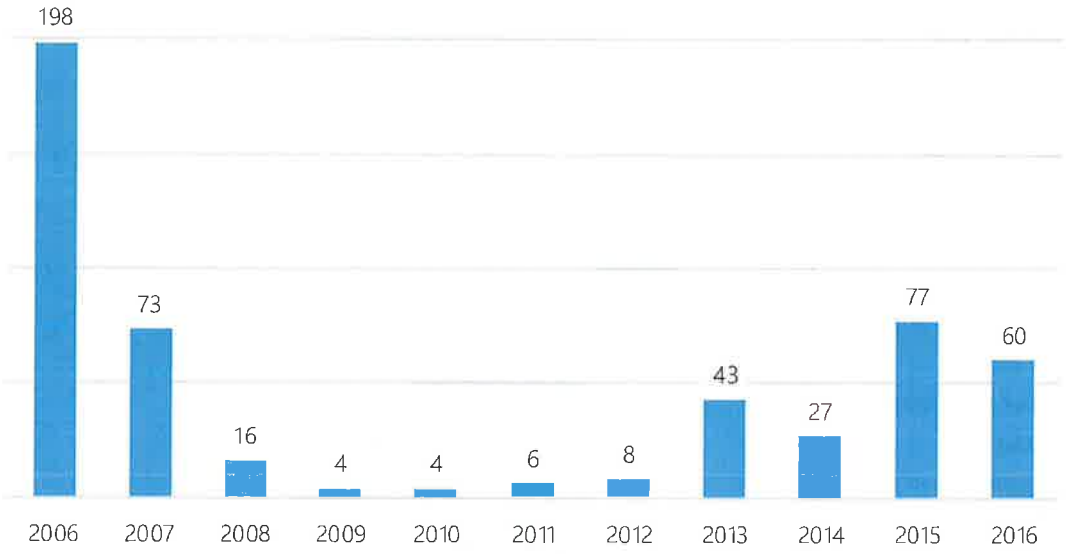


Figure 7 below highlights additional demographic information, including:

- Canby is a middle income area: Median incomes in the City and market area are a bit lower than those in the County, but significantly higher than the State. This is something to be proud of and market. As will be shown later, Canby has a special diversity of high, middle, and low-income households.
- Vacancy rates tracked by the Census are lower for Canby (4.5 percent of all housing units) than for any of the other areas reviewed, indicating a tight market, and strong demand for additional housing. As shown elsewhere in this report, the private sector is adding new housing in Canby to address this demand.
- A smaller portion of the City and market area have bachelor's degrees, compared to the County and State.
- The City and market area have a higher percentage of blue collar workers, compared to the County and State.
- Homeownership is relatively low in the City, but high in the market area, compared to the County. Home values in both the City and market area are lower than those in the County.

Figure 7. Canby Demographics

	City of Canby	Canby Market Area	Clackamas County	State of Oregon	USA
Education					
Bachelor's Degree	28%	25%	34%	31%	30%
Occupation					
White Collar	55%	54%	64%	60%	60%
Blue Collar	32%	31%	21%	22%	21%
Service	13%	15%	15%	18%	18%
Income					
Median Household Income	$59,430	$60,621	$66,076	$51,627	$53,217
Average Household Income	$75,131	$75,698	$87,027	$68,854	$74,699
Incomes above $150K	8.8%	7.9%	12.5%	7.5%	10.2%
Average Income as Percent of Median Income	126%	125%	132%	133%	140%
Incomes below $25K	19%	17%	17%	24%	23%
top 10% Household Income	$167,241	$166,267	$182,517	$167,817	$175,500
Tenure, Home Value, Vacancy					
Renter Occupied	34%	27%	30%	36%	33%
Owner Occupied	66%	73%	70%	64%	67%
Median Home Value	$268,299	$276,816	$325,766	$253,334	$200,006
Overall Percent Vacant	4.5%	5.2%	7.0%	9.4%	11.6%

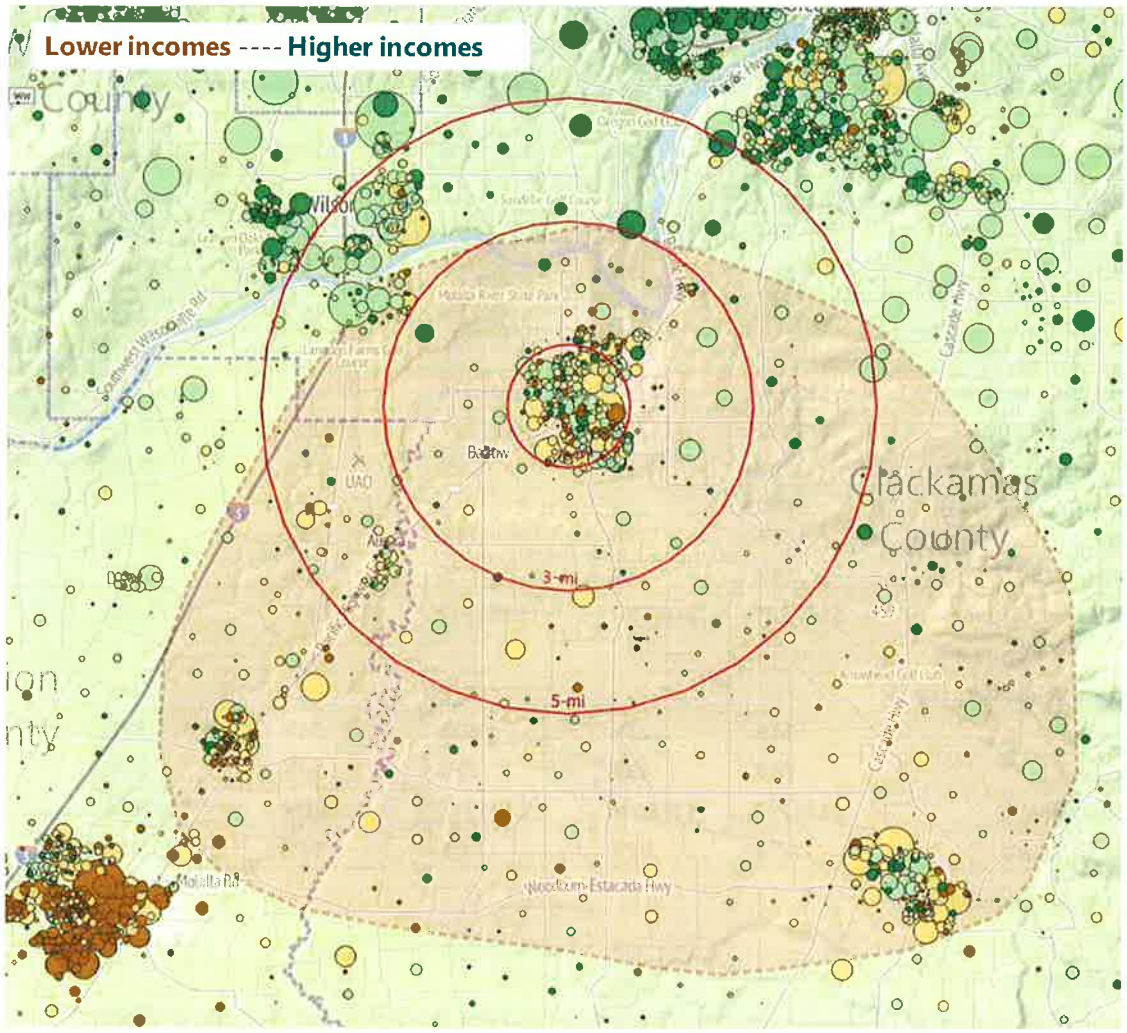
Source: ESRI, Leland Consulting Group.

Resident Wages

Figure 8 shows the location of residents within the Canby area, and the share that earn $40,000 or more per year. Brown dots represent a low percentage of high-income residents, while green dots represent a high percentage of high-income residents.

The City of Canby, and the Canby market area, includes an unusually diverse mix of high, medium, and low-income residents, and can truly be said to be a "complete community," in a way that many others are not. This underscores Canby's identity as a traditional small town, with a diverse mix of blue and white collar jobs, and may be a good message to communicate to retailers.

Figure 8. Resident Wages in the Canby Area



Source: US Census LEHD, 2014 data: wages by worker residences by census block.

Figure 9 underscores Canby's identity as a complete community—with a mix of jobs and housing. below shows. Whereas some other communities, such as West Linn, are primarily "bedroom communities," Canby has about 1 job for every 1.4 employed resident (or a 0.7 jobs-to-housing ratio). Over the past decade, in-commutes have grown by 40 percent, due to strong Canby job growth, while out-commutes also grew, though slightly more slowly (25 percent). There is a fairly small percent of employed Canby residents who also work in Canby (17 percent), though this is not an unusual percent in our experience. Since workers are also shoppers (especially for daytime conveniences such as lunch and lunchtime errands), this 4,700-person workforce is significant.

Figure 9. Canby's Employees and Residents

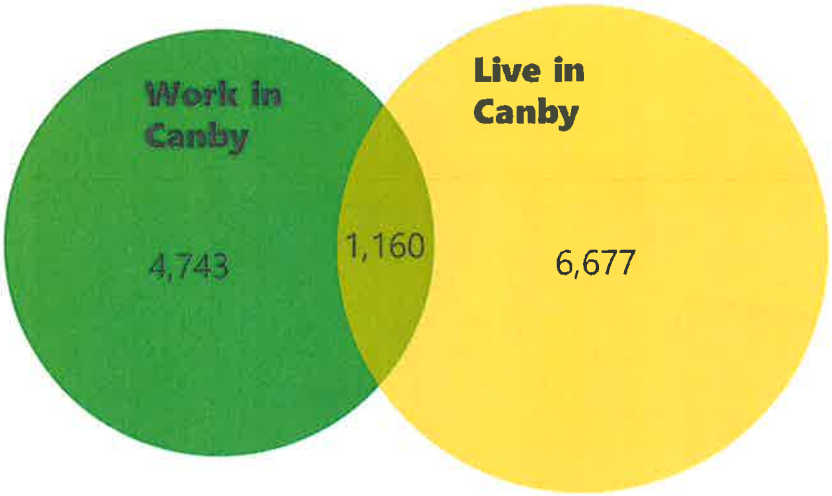
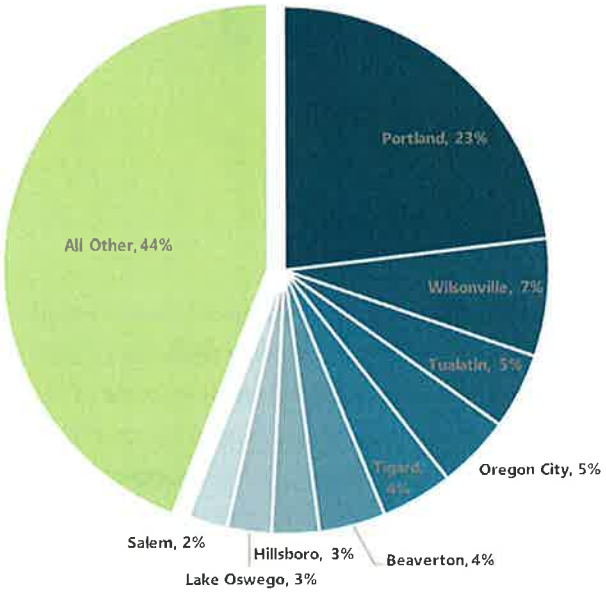


Figure 10 shows that, when they commute to work, most employed Canby residents commute to cities to the north and northwest, particularly Portland, Wilsonville, and Tualatin. A large number of commuters work in "other" locations that are not tracked closely by the Census; these are likely in unincorporated parts of Clackamas, Multnomah, and Washington Counties.

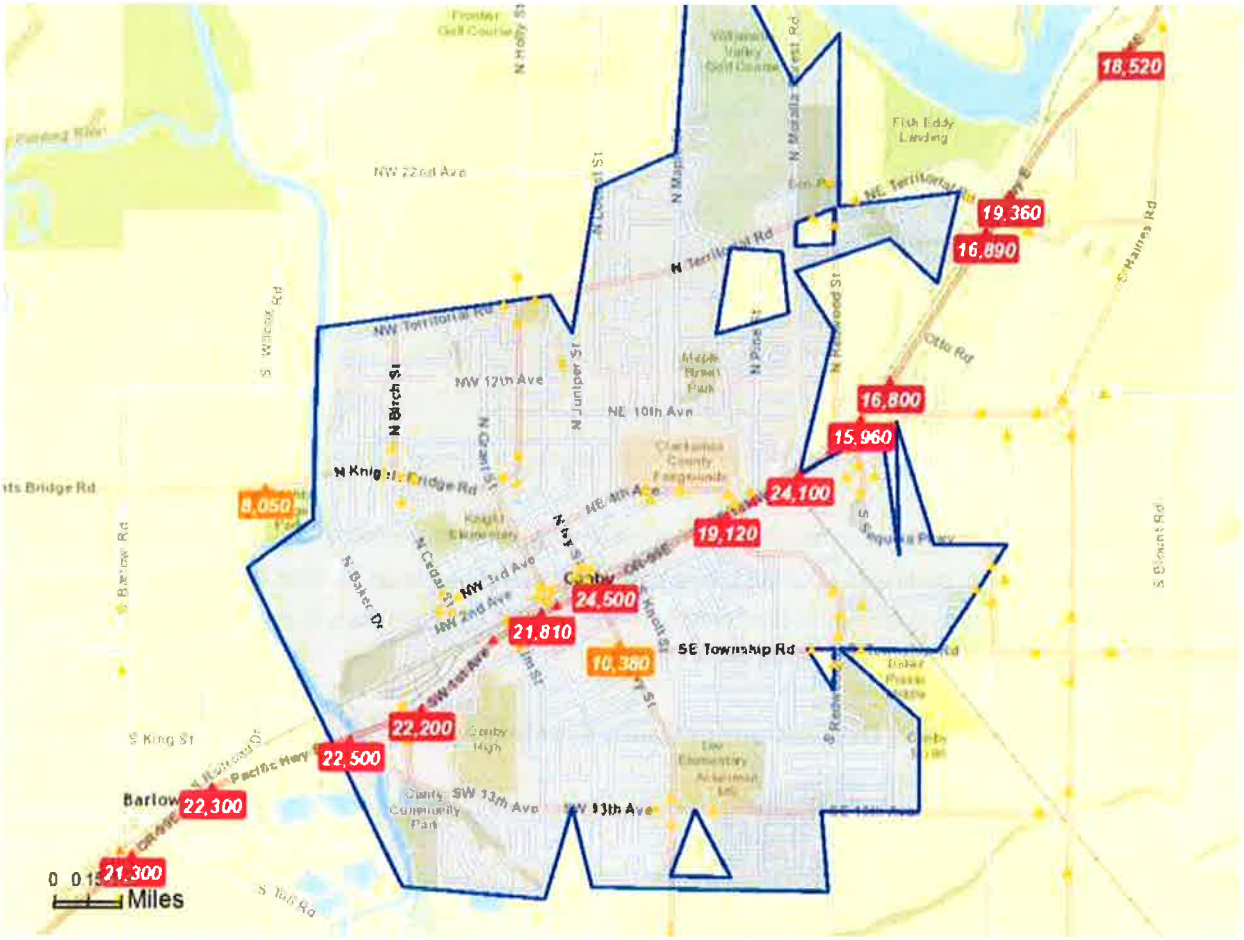
Figure 10. Out-Commuting Destinations of Canby Residents (2014)



Traffic Counts

Traffic counts are another significant data point tracked by national and regional retailers. As shown below, Highway 99 has strong traffic counts—between about 19,000 and 24,500 vehicle trips per day within the City boundaries. These are high traffic counts for an arterial road that will generate attention from many retailers, though there are much smaller than those seen major freeways such as Interstate 5. The highest traffic counts are in the western side of the City, and outside the City boundaries.

Figure 11. Traffic Counts



Source: ESRI, Leland Consulting Group.

Retail Trends

The retail industry is always in flux. During the 20th century, a major shift was from pedestrian-oriented main streets to auto oriented centers and corridors. Today, ever-changing consumer preferences and online-shopping are among the major trends affecting retail. The table below summarizes some of the key growing and declining retail types. This information is based on research conducted by commercial real estate company Cushman & Wakefield, and reflects changing preferences. Online shopping is having a significant impact on "commodity retail." Retailers selling products that can easily be ordered and shipped from Amazon or others face a challenging environment, and must have a competitive advantage against online competition—whether that is convenience, experience, customer service, or something else. Commodity retailer categories include electronics, office supplies, and of course video stores.

Growing	Declining

• Retail that offers a special experience
• Food!
  o "Fast Casual," i.e. Little Big Burger
  o Food Halls, artisanal markets
  o Upscale dining
  o Trucks to Bricks
• Grocery: Ranging from discount, to organic, to small format, and ethnic
• Medical users, incl. ZoomCare
• Apparel: Fast fashion, off-price, active sportswear
• Sporting clubs
• Fitness/Health Clubs
• Marijuana dispensaries
• Auto repair
• Convenience stores
• Car dealerships
• Home improvement and home furnishings
	• Commodity retail
	• Food: Casual dining, weaker fast food chains
	• Mid-priced apparel and shoes; children's
	• Dollar Stores
	• Pet supplies
	• Electronics
	• Office Supplies
	• Bookstores
	• Toy Stores
	• Video stores
	• Bank Branches

Source: Cushman & Wakefield, Leland Consulting Group.

By contrast, retailers offering a special experience, or offer services that cannot be procured online, have the potential to thrive. A prime example is dining—as one retail guru has said, "you can't eat the internet;" and you certainly cannot dine with family and friends on the internet. Therefore, food and beverage establishments have become a larger and larger part of the retail experience, on both main streets and larger shopping centers. Another growing "retail" sector is healthcare. Small, neighborhood-scale providers such as ZoomCare (based in Portland) are moving into both main street and retail center locations.

Retail Demand

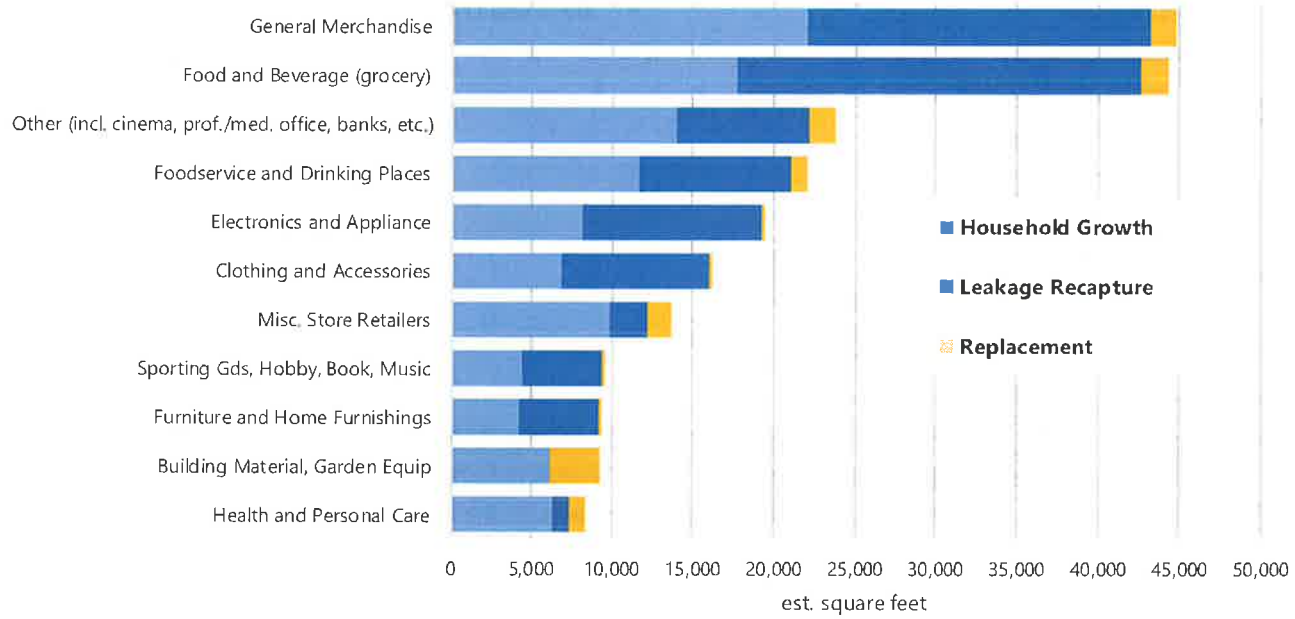
Figure 12 shows the quantitative results of Leland Consulting Group's retail market analysis, and the results of combining the Canby market area's projected long-term population growth rate (0.6 percent annually), the amount of new retail that will be needed by those households, and the amount of retail spending that can be "captured" within the City of Canby, among other factors.

Figure 12 shows three sources of demand for the development of new retail space:

- Household growth, i.e., from new households moving into the market area;
- Leakage recapture, i.e., by "recapturing" some of the retail spending that households who live in the Canby market area are making outside of the market area. This reflects that some of the shopping that people currently do in Wilsonville and Oregon City could be recaptured and take place in the City of Canby. Our estimates of recapture rates vary by type of retail, but are generally about 10 percent of spending.
- Replacement, reflecting the fact that existing space becomes obsolete over time. This is a small share of overall demand.

In total, we project a high-end potential demand for up to 220,000 square feet of space across all retail types over the next ten years. However, this depends significantly on the City's ability to recapture outside spending and perhaps site a new anchored center. If recapture is removed from projected retail demand, leaving only household growth and replacement, the total demand tops out at approximately 120,000 square feet of new space.

Figure 12. 10-Year Market Area Retail Demand by Source

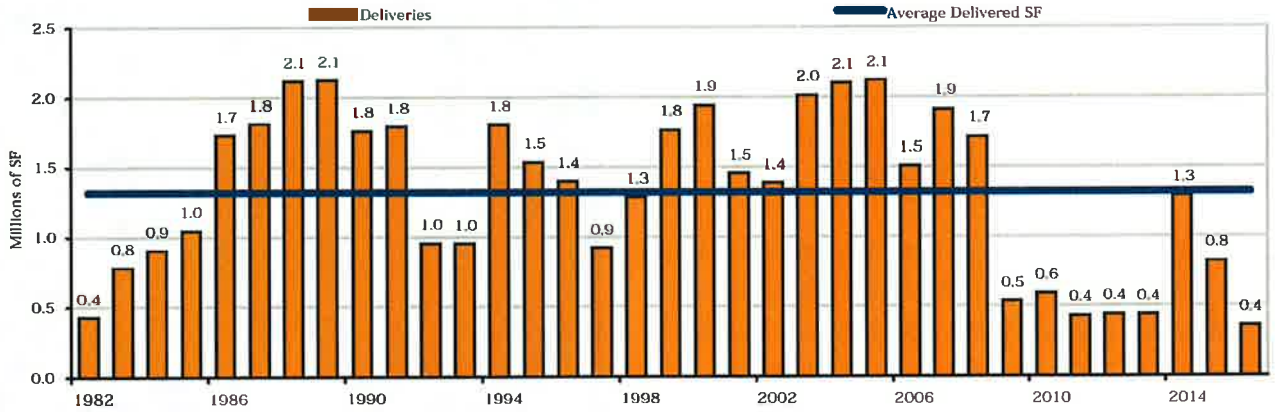


Source: CoStar, ESRI, Leland Consulting Group.

Factors Constraining Demand

As Figure 13 shows one reason that retail demand in Canby may be towards the low end of the aforementioned projections, at least in the near term. Retail development throughout the region has slowed in the past decade, beginning with the recession, and has continued to be slow, even after the recovery of the economy in the last few years.

Figure 13. Retail Development, Portland Metropolitan Region, 1982 to 2016



Source: CoStar.

Retail development has slowed for a number of reasons:

- Retail was arguably "overbuilt" in the 1990s and early 2000s, when credit was easy and growth was economic growth was strong. This led to overbuilding and very high vacancy rates during the recession, in excess of 20 percent in some locations.
- The increasing popularity of online shopping, which requires warehouse, but not retail space. Online shopping has also led to the near disappearance of many former retail tenants, such as video and book stores, travel agents, and others.
- Just in-time retail supply chains, which enable retailers to maintain less stock on-site.
- More conservative development practices by retail developers, tenants, and lenders, who do not want a repeat of the challenges they faced during the recession.

It remains to be seen whether retail development will return to historic average levels (about 1.3 million square feet per year in the Portland metro region) in the coming decade.

Canby's Retail Areas

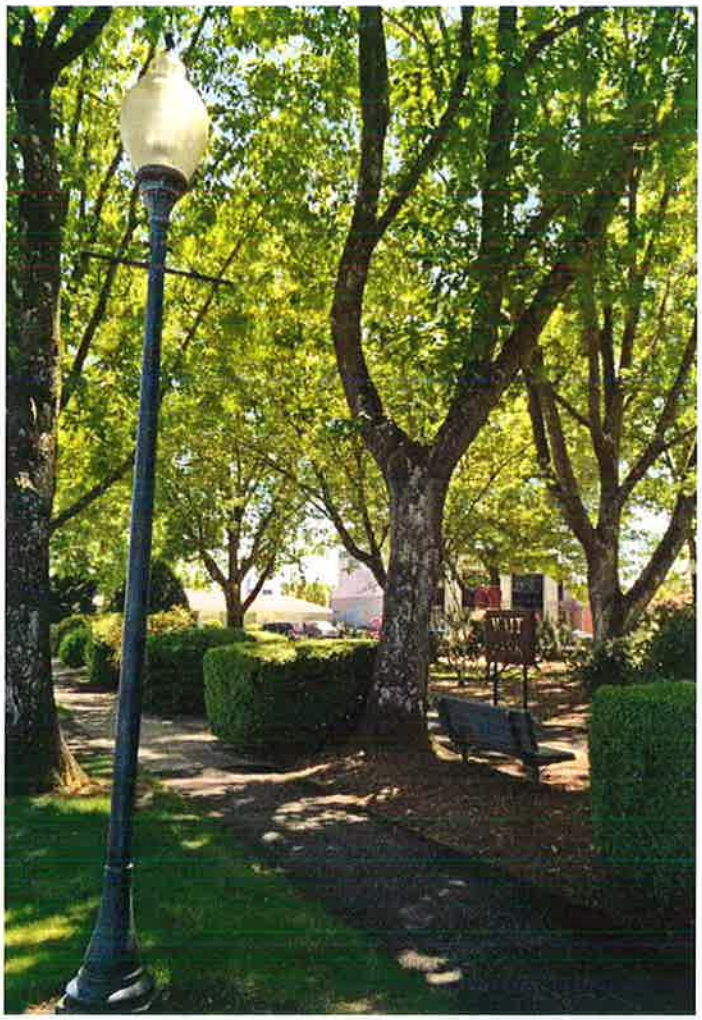
Small Town Downtown

Canby's downtown is a gem, with a scale of street, size of structure, and surrounding residential charm that evoke another era. This evocation is a very positive reaction that can be leveraged to improve brand identity and retail performance in the city.

This section of the report discusses existing conditions in Downtown Canby; a "toolkit" of Downtown-specific recommendations begins on page 30.

The downtown feels more linear than gridded because it is bounded by a busy rail line and a state highway to the south, and it is much longer east-west than it is north-south. Downtown features a park with a playground and mature tree canopy, almost with a town square feeling, but that square is not necessarily surrounded by intense uses and eyes on the street.

To the east it has new retail construction with a grocery store, theater, suburban style pad site retail, and a new city hall being built. The landscaping throughout downtown is of a very high quality. It is attractive, varied and interesting, well maintained, and well complemented by excellent sculptures and "street furniture" such as benches.



The fairgrounds, a major draw to the east, is only a few lots away from being physically interconnected to the downtown, and less than a quarter-mile from the New City Hall/Library, Cutsforths, and the Canby Cinemas. Presently, fairground visitors have to leave the grounds, exit onto Highway 99 (with no indication of which way to turn to get to downtown), drive the highway, and then figure out where to turn off to get to downtown. It would be much better to have them connected off the freeway, so people could walk into downtown from their parking at the fairgrounds. A better local connection would facilitate visitors much more readily than Highway connection.

First Avenue

First street is currently the best retail street for two reasons. 1) It has the most concentrated collection of buildings built up to the sidewalk, right next to each other without interruption by parking lots. This is very desirable from the perspective of encouraging pedestrian traffic and the cross pollination between businesses that is the lifeblood of a downtown. 2) It also, not coincidentally, has the highest concentration of retailers and lowest concentration of professional service uses compared to other areas of the downtown.

Downtown's Original Buildings

To the west we have more of the "original" downtown (shown below), with buildings from a wide variety of eras, the vast majority being from the turn of the century through to mid-century. For some long-time residents of Canby, the area to the west is the "real" downtown, and the area to the east, with the newer construction, not really considered to be downtown. Most structures to the west are one story, but not all. Presently, the majority of the buildings in the historic area are not working hard to get visitor attention and are not telling consumers something positive about downtown Canby as a shopping experience.

The downtown's original buildings are generally small lot development, typically of sizes from about 2,500 to 10,000 square feet. These spaces originally housed essential services, like department stores, and often have floor plates that are a little larger than what a typical local retailer might want today. A large area of need in downtown Canby is to work with existing owners to properly subdivide spaces in a way that increases activity and vibrancy downtown.

Brand / Identity

When creating identity and brand for a small town downtown, it is important to remember that identity is additive, the more layers the better! For a small town downtown, the first two universal layers of identity have to do with charm and community. The third layer has to do with being an authentic distillation and expression of the community that surrounds it.

Charm. In terms of charm, we are looking for the experience of being in downtown — whether visitors are driving through, driving by, or actually shopping — to be emotionally positive, multisensory, and pleasurable. Downtown's *buildings and businesses* are telling a story 24 hours a day, 7 days a week. They are the most important advertising that Canby will do, bar none. Presently, while the public signage and landscaping are doing a good job of announcing the "Garden Spot" brand, downtown is not doing a great job of leveraging its *buildings and businesses* to tell a great story. There is low hanging fruit here for improvement.

Building and business charm can and should be expressed via interiors as well as exteriors. There is a distinct experience consumers expect in a small town downtown retail space, and that experience does not include drop ceilings, carpet, and dated fluorescent lighting. Specific recommendations to improve buildings' appearance begin on page 31.

Community. There also is a strong connection between a general sense of community and the small town downtown brand. First and foremost a downtown should be the place where everyone in the community goes to see, and be seen. To experience their town. To catch their neighbors. To take visitors who want to hang out. Travelers should feel Canby's community connection and pride when they are in town.

If downtown Canby isn't first and foremost a strong draw to its local trade area, then why would anyone from outside that trade area want to visit? In interviews, it was clear that while there is a very strong sense of passion for stakeholders about the city of Canby as a whole, their feelings about downtown are mixed. Many local consumers choose not to shop there, for reasons of price, experience, and convenience. Local businesses feel embattled and unsupported by local area residents. This connection between downtown and the local trade area needs to be repaired to improve retail retention and recruitment.

There was a lot of demand amongst interviewees for more restaurant options, particularly evening dining. Smaller local places with good food were requested, along with specific calls for sushi and for Italian food.

Authentic Distillation. Canby is the Garden Spot! Many interviewees felt downtown did not necessarily express that brand.

The Garden Spot speaks to the agriculture and nursery industries that surround the city, which can be tough to distill into the downtown environment because they are distributed throughout the region. Lessons on how to achieve this distillation in a distributed economy should be taken from the wine industry. People visit downtowns towns like McMinnville to taste wine, get the lay of the land in the area, sample excellent food with wine, find unique lodging, and figure out where they should go for wine

tasting in the region. A similar approach can be taken in Canby, it should be the jumping off point to experience all of the distributed agricultural and nursery offerings in the region. Strengthening this brand should be a combined recruitment and economic development strategy — to draw businesses that dovetail with this brand (such as maker/craft goods, antiques, and vintage) or that express this brand directly (a market with food featuring local goods, stores featuring local goods, and tours originating from the downtown).

Mid-Century Arterial

The state highways that crisscross our nation go through myriad small towns, all containing what would be characterized as mid-century arterial retail space. Canby's Highway 99E or Pacific Highway is a prototypical example. Highway 99 is "arterial" because it is a road with high volumes of relatively fast-moving traffic. It is "mid-century" because the land use pattern is from that era. The lot sizes are smaller than those usually found on modern arterials, and are usually not large enough to support today's big box and anchored center concepts. The buildings are usually set closer to the street, are smaller, and closer together, and with a lower parking ratio than we would see with today's arterial development.

This section of the report discusses existing conditions within Highway 99; a "toolkit" of specific recommendations for this mid-century arterial begins on page 38.

Mid-century arterial retail space is most often populated by an array of local tenants, and Canby is no exception. Most tenants in the Highway 99 corridor of Canby are local. These businesses are essentially

small businesses on fast corridors — so they have to work double time to get people to notice them and make positive brand associations with them and the highway.

It was universally agreed by every interviewee that Highway 99 is not an attractive or appropriate expression of the brand of *The Garden Spot*, and that it is a very ineffective gateway to the downtown. It makes locals and visitors alike feel uncomfortable. One interviewee noted that they used to drive through Canby on Highway 99 and had no idea the downtown was there! They just drove through, never bothering to look.

This intersection and its buildings do not announce to passers-by that Downtown Canby is just one block to the right of the intersection.

Right now, the lack of trees, the wide lanes, the hard edge between the public and private realm, and the vast sea of asphalt make the street itself tell a negative story. It is an unappealing place, it doesn't forward the objectives of The Garden Spot brand, and it encourages traffic to move through quickly. These are all undesirable outcomes. Additionally, many of the buildings and the parking lots could be

doing much more to create an inviting and engaging atmosphere. Looking at the street, and the actual businesses are two areas where the Highway 99 experience could improve.

Anchored Centers

Since the middle of the 20th century, the majority of new retail space has been built within a series of "centers," ranging from grocery-anchored "neighborhood centers" to super regional centers (large malls such as Tigard's Washington Square). These centers have been tracked and categorized by several industry groups, including the International Council of Shopping Centers (ICSC) and Urban Land Institute (ULI), and the typical characteristics of these centers are shown in Figure 14 below.

Figure 14. Types of Retail Centers

Type	Concept	Anchor Tenant(s)	Gross Leasable Area	Support Population	Site Area (Acres)	Primary Trade Area
Neighborhood Center	Convenience	Supermarket	30,000 - 100,000	8,000 - 10,000	3 - 10	3 miles
Community Center	General Merchandise; Convenience	Junior or full-line department, large variety, and/or discount stores	100,000 - 450,000	50,000 - 150,000	10 - 30	3 - 6 miles
Regional Center	General Merchandise; Fashion (Mall, typically enclosed)	One or two full-line department stores	300,000 - 900,000	150,000+	10 - 60	5 - 15 miles
Super Regional Center	Similar to Regional Center but has more variety and assortment	Three of more full-line department stores	500,000 - 2 million	300,000+	15 - 100+	5 - 25 miles

Source: Urban Land Institute, ICSC, Leland Consulting Group.

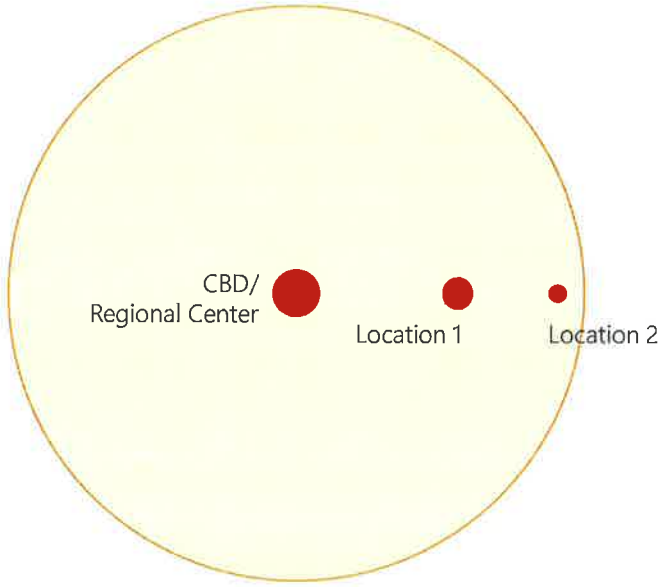
Canby has two neighborhood centers, and potentially a third, depending on how the city's retail is categorized. Canby Square (anchored by Safeway), and Canby Market Center (anchored by Fred Meyer) are both neighborhood centers. For the purposes of this report, the Canby Station (anchored by the Cutsforth Thriftway grocery store), located on 2nd Avenue, is considered to be part of Downtown Canby; however, this is also a grocery-anchored neighborhood center.

A premise underlying the concept of an "anchored center" is that one or more anchor stores (e.g., Fred Meyer), is the basis around which the rest of the center is planned, and indeed, is necessary for the rest of the development to pencil financially. The other "in-line" or "pad" retailers within the center are reliant on the anchor's ability to draw thousands of shoppers each day, who then patronize their stores as well.

Figure 14 is notable because it shows that the typical "support population" necessary to sustain a community center is significantly higher than that required for a grocery-anchored neighborhood center (8,000+ versus 50,000+). In order for a retail developer to make this major jump in terms of retail

offerings, the Canby retail environment would need to change *significantly*. While the Canby market area does have a population of 50,000, it is at the very low end of the community center population requirement, and faces other challenges in terms of competition from other cities located on Interstate 5 and 205, and pullback in the amount of retail space under development. A Community Center would be anchored by a junior or full-line department store, large variety store (e.g. Target), and/or discount stores. The closest community center is likely Argyle Square shopping center in Wilsonville, which is anchored by Target and Costco, both large variety/discount stores. Argyle Square is proximate to much greater population bases and situated on Interstate 5, both significant competitive advantages.

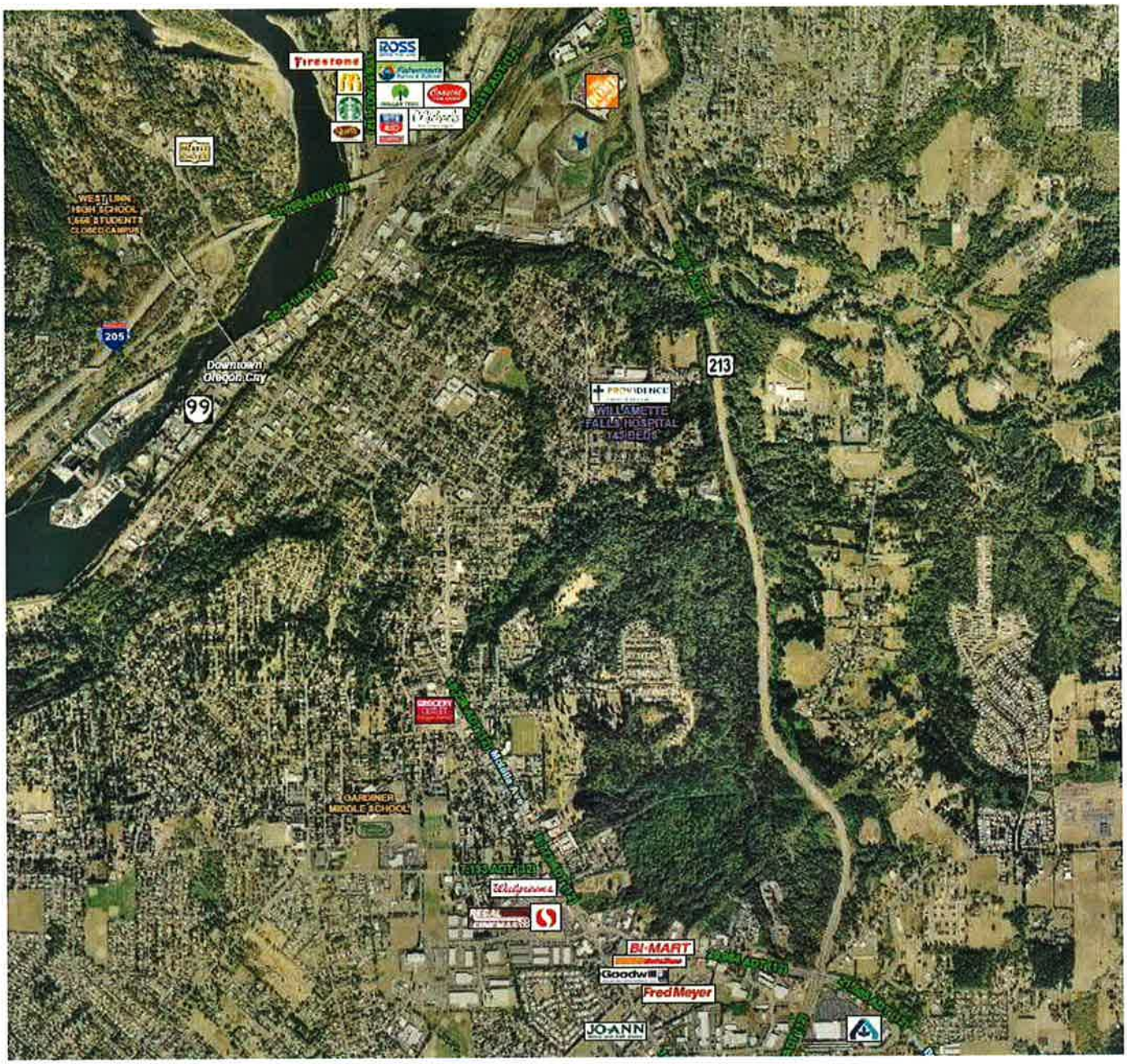
As stated above, retailers and retail centers seek locations that are as accessible as possible to their customer bases, and to a large support population. Therefore, as illustrated below, larger centers will seek locations closer to the center of the region, and further from the edge, all other things being equal. This desire for centrality is driven by the fact that these usually give retailers access to larger population and employment bases.



A simple rule of thumb and corollary these principals of anchored centers is that, if the larger cities to Canby's immediate north and west have been unable to attract particular tenants, it will be very difficult for Canby to attract them. For example, the clothing retailer Marshalls is expected to expand in coming years. It has locations in Portland, Hillsboro, and Tigard, but not Oregon City or Wilsonville. In all likelihood, Marshalls would open a store in Oregon City or Wilsonville before Canby, because of the larger proximate resident and employee bases, and access to interstates, in those other cities.

Because of this dynamic, a map of retail in Oregon City is shown below. The two cities share some retailers in common, such as Fred Meyer and Safeway, while Oregon City has additional retailers such as Ross, Michael's, and Home Depot.

Figure 15. Oregon City Retail



Canby's Neighborhood Centers

Today, there is just over 1 million square feet of existing retail in the Canby market area. Canby's two neighborhood centers, whose attributes are shown below, make up about a third of the total area. These two centers follow traditional patterns of neighborhood centers nationally. In both cases, the anchor is an established brand name. Supporting tenants include hardware, sporting goods, discount, as well as non-retail/commercial office users such as medical and dental tenants. The majority of in-line line tenants offer food, including national chains and local restaurants.

The brokers/representative information shown below was collected by Leland Consulting Group based on signs posted during site visits, and a review of available spaces. If the City desires to effect any changes at the existing centers, City staff should contact these brokers/ property representatives.

Canby Square	Canby Market Center
Tenants: • Safeway (Anchor) • Ace • Big 5 Sporting Goods • Dollar Tree • AT&T • Dining: Quiznos, Los Dorados • In-line tenants: Angel Nails, SunsUp Tanning, Smoke For Less	Tenants: • Fred Meyer (Anchor) • Radio Shack, • Columbia Bank • Canby Family Dental, Legacy Medical Group • Food and Beverage: Denny's, Papa Murphy's Pizza, Starbucks, Subway, Carl's Jr., Biscuits Café, Teriyaki Grill • In-line tenants: Sally Beauty Supply, Supercuts, Game On, Sunwest Tanning, • Former tenants: Hollywood Movies (now vacant)
• Built in two phases: 1976 and 1995 • 115,000 square feet • 7.8 acres	• Built in 2000 • 211,600 square feet • 16 acres
Brokers, Owners, or Representatives: • Argonaut Investments • HSM Pacific	Brokers, Owners, or Representatives: • Commercial Realty Advisors (CRA)

Attributes of Anchored Centers

Anchored centers are different from Small Town Downtown and Mid Century Arterial environments in a number of ways, some of which are listed below. In total, these factors can make it difficult for cities to effectively bring about desired changes in centers.

- Large, typically 7 or more acres, often under a single ownership.
- They are owned and operated by corporations and management companies whose goal is to achieve an adequate return on investment (ROI). Thus, the charm of the surroundings or connection to the community are not decision drivers to the degree they are for downtown tenants.
- Anchored centers are owned and managed by professionals who look at demographic and economic data on a daily basis; these individuals rely on this data for decision making far more than downtown business owners.
- Most of the functions performed by Cities or business associations in downtowns are performed by property owners in anchored centers, including: common area maintenance; landscaping, flower baskets, and other beautification; advertising and marketing; and safety. Interior rights of way are also privately owned and managed. Therefore, the City role is often less clear.
- High parking requirements impede "place making."

Potential Anchored Center Tenants

Based on conversations with brokers at Commercial Realty Advisors and a review of retailers in other Oregon communities, Leland Consulting Group generated the following list of the most common anchor tenants most likely to locate in medium and small size cities. Tenants highlighted in yellow are already located in Canby.

Figure 16. Anchor Tenants Most Commonly Found in Mid-Size Oregon Cities

Grocery and Pharmacy
Fred Meyer
Safeway/Albertsons
Independent (e.g. Thriftway; Wagners, Red Apple, Shop N Kart, Mega Foods)
Dollar Tree
Rite Aid
Walgreens
Wal-Mart Supercenter
Bi-Mart
Grocery Outlet
Office Supplies
Staples
Office Max/Office Depot
Soft goods
Kmart
Jo-Ann
JC Penney
Bealls

Hardware, Home, & Garden
Home Depot
Lowe's
True Value
Ace
D&B Supply
Coastal
Wilco
Big R (Lawn, garden, household)
Aaron's (Furniture & Electronics)
Other and Furniture
Big Lots
Big 5
Walker Furniture
Michaels
Cinemas
Petco
PetsMart
Sports Authority (in bankruptcy)
Sportsman's Warehouse
Ross
Marshall
Pier 1
Goodwill

Retail Recruitment and Retention Toolkit

Below please find tools for the three types of retail form in the city of Canby. The most attention will be focused on small town downtown retail, as directed by the city. Additionally, please find a flyer template to use when recruiting local businesses to Canby in Exhibit A.

Small Town Downtown

To recruit and retain tenants to small town downtown retail environments, particularly if they are not high sales per square foot districts, it's important to understand who is leasing these spaces, and what their decision making criteria is. Below is a breakdown of these tenant's characteristics, requirements, and decision-making timeline.

Characteristics. These are the traits of tenants that are typically willing to locate in a district that is still finding its legs economically:

- They are typically opening their first business.
- They are between the ages of 25 and 50.
- They are local to the area where they want to open a business. In this case, local can have two meanings. The most common is that the person lives in the general vicinity of their desired commercial location, or plans to move there. Sometimes though, it's a case of someone coming back to a local area where they used to live. Regardless, there is typically some direct experience with that district which is driving their interest there.

Space Requirements. Most national credit tenants look at a myriad of demographics statistics to consider where to locate, such as number of nearby households, performance of like businesses, traffic counts, educational attainment, income, and safety. Local tenants make decisions on a completely different set of metrics, with the top four being:

- Price. Local tenants are driven by price more than anything, and they typically are working backward from their business plan. If their projections call for rent of $1,000, they will try to find a space that meets that rent number, regardless of whether the space is appropriate in terms of size and finish. Small businesses also generally prefer to pay a higher price for finished space, rather than receive a lower rent and have to do the TIs themselves.
- Charm. This speaks to both general environment and specific space requirements. Small businesses want to be located in attractive, quaint districts that also have compelling spaces. Many small business people want to love their space, whether it's small office or retail. In fact, for retailers and restaurateurs, it is sometimes the space that inspires someone to make the leap and open their own business. Generally, small business people prefer space in older buildings over new buildings, If the older space is nicely rehabbed
- Community. Small business people are drawn to areas that are hubs of passionate people creating innovative and distinct retail experiences. They want to participate in, and be a part of these communities.
- Location. Small tenants often locate in their proximate commercial neighborhoods as much as possible.

Timeline. Smaller businesses are on a much tighter timeline than large businesses and national credit tenants. Typically, when they start looking for space, small business owners are ready to pull the trigger right away—as in, they want a space in the next one to three months. They don't usually work in timelines longer than that.

Small Town Downtown Toolkit

To be able to recruit and retail great tenants downtown, both the public and private sector are going to have to act in concert to improve downtown's brand, the experience it offers, and increase economic performance. To accomplish those goals in the short term, the following toolkits and recommendations are offered for three broad groups, with a particular focus on the typical tenant outlined above. The groups are: Property owners; business owners; and Public sector/institutions.

Property Owners.

This group needs to begin executing in three key areas. First, they need to work on the exterior of their buildings to create more charm and draw more attention. This could be as simple as focusing on a three color paint scheme. Second, they have to demise space and finish space appropriately so that it generates as much as possible in rent per square foot, and reflects the type of space in which businesses can be successful in a small town downtown environment. Third, they must start tenanting for activity (businesses that engage the sidewalk and create vibrancy, such as a chocolate shop) versus tenanting for cash flow (businesses that might be able to pay the rent consistently, but decrease vitality, such as a dentist.)

Building Exteriors. There is currently a facade improvement program in place, which is undersubscribed. The city should look at how to take these urban renewal funds to encourage exterior improvement, perhaps creating slightly different programs and provide technical assistance for early adopters. It's important that all early projects really move the bar upward in terms of quality and execution so that other owners follow suit at a similar quality of execution. In other words, the public sector should never be investing public funds to repaint a building beige.

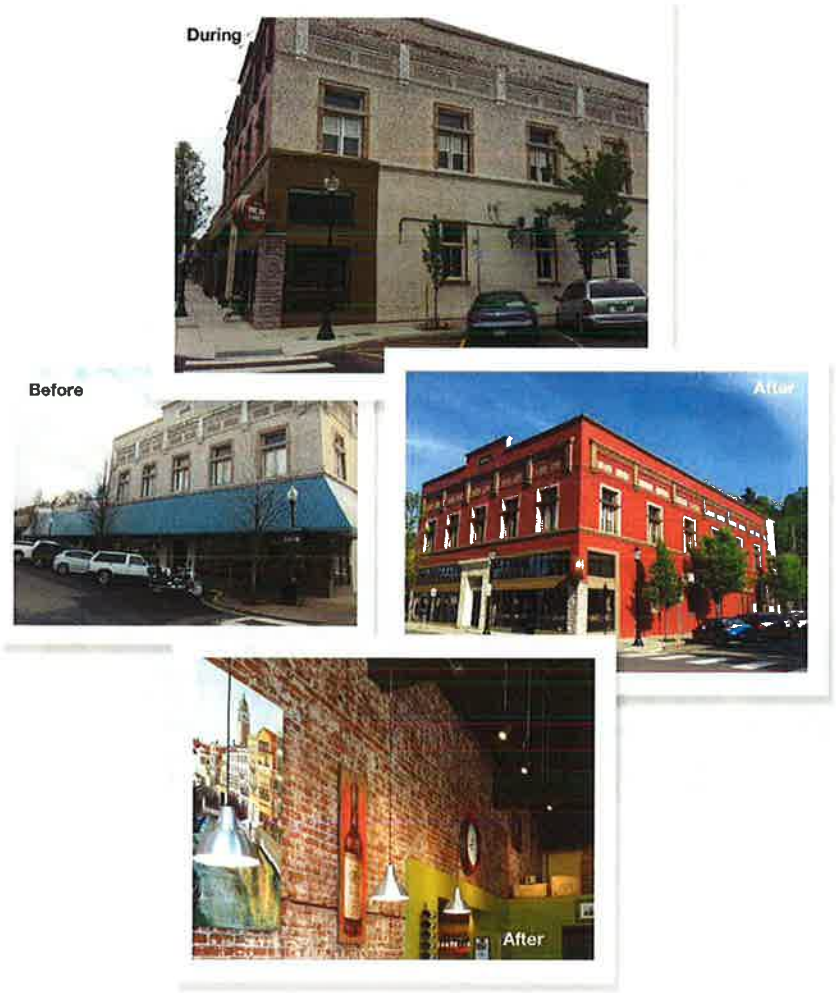
Gimre's Shoes renovation, Hillsboro

Gimre's is an example of a dramatic improvement that came from simply removing an awning, painting some building detail, and adding exterior lighting. The changes improved the store's appearance, and sales.

1. *Low Hanging Fruit Assessment.* Determine which buildings could have a large impact with minimal investment and reach out to property owners directly with technical assistance on how to do that. Also, determine which owners are most likely to do something bold and engaging, they should receive priority for this program, because they will inspire everything else to live up to their standard.

2. *Speed Improvement Program.* (See Gimre's Shoes, above) This would be for building changes that only require trade permits to complete, such as signage, lighting, and painting. This work should come with color consulting/retail assistance so space is presenting its best face and is most appealing to retailers.

3. *Adaptive Reuse Case Study.* For any major facade improvement, provide technical assistance to owners so they are dividing buildings properly to maximize revenue and marketability. Provide this to signature buildings and for signature businesses that are mainstays of the community. Below is an example from Oregon City. Metro, the City of Oregon City and Civils Consultants partnered to work with the Busch family to assess how to being improving their holdings, in small steps, working within realistic financial parameters.



For the Busch Furniture in Oregon City, pictured above, project partners worked with the locally-based owners of four buildings and a parking lot, who wanted to improve the buildings but weren't sure where to start. Civilis started with front face of the best building first, then improved the side, the carved out one interior space. Improvements continued incrementally, and now the building looks great.

4. *Downtown Extreme Makeover Team.* There is quite a bit of expertise downtown around color, paint, furniture, design, etc. Tap into that and create a team of people that can start working with each other to tackle some of the easier projects. Nothing builds community more than everyone working together, rolling up their sleeves, and making a building look better!

Building Interiors. A vast majority of the space in downtown buildings is very dated. Don't be afraid to spend urban renewal funds on interior improvement programs if they are changes likely to stay with the building. (In other words, don't spend URA funds on tenant specific improvements, like lead lined walls for an x ray room.) Examples of programs that might help with interior improvement include:

1. *False Ceiling Removal Program.* There are entirely too many buildings with drop acoustical tile ceilings that bring down the roofline far below the roof deck of the building, creating a very low-ceilinged shopping environment that is dated and not optimal for driving sales. A program to helped owners remove these would be fantastic. (In some cases, these ceilings even go below the transom windows/storefront windows in space.)

2. *Natural Light Program.* One story buildings are wonderful for retail because you can bring a lot of natural light into the space through a combination of a tall, unblocked banks of windows on the storefront wall, and opaque skylights throughout the space, particularly in the rear. Space with natural light always shows better, leases for more, and hosts more successful businesses.

   Below is an example of a grocery store in a space with abundant natural light, one can't help but spend a lot of money in this store!

Tenant Mixing. Consider some sort of downtown property owner summit or tour that can introduce the concept of appropriate tenanting to the downtown's ownership group. It is imperative they bring in the correct assortment of active tenants to increase sales and vibrancy downtown, which is how you create a high value district in terms of property valuation and rents.

Business Owners.

There are two key areas that downtown businesses need to begin executing on in order to see economic conditions improve. The first, is introducing transparency. We can't see in any windows downtown! The second is having more sidewalk dialog. Please see descriptions of these in more detail below.

Transparency. Windows are the view to the soul of a downtown district, its businesses. If we can't see in any windows, then the district feels vacant, soulless, and devoid of activity. One of the cheapest and easiest things downtown could be doing right now is making the existing businesses visually accessible from the sidewalk.

1. *Window Improvement Program*. This should be oriented on business owners. This program could help pay for the removal of dark UV window coating and replacing it with a clear film. It could also assist with the installation of appropriate window storefront lighting, so it's possible to see in windows during the day, and the installation of a ceiling grid or drop ceiling hooks so window display items can be hung from the top of the space. In the early stages, this help should come with retail technical assistance to help establishments of all types improve their window displays, which are largely nonexistent in the downtown.

Below is a photo of an art and jewelry glass store in Duluth, MN, where the artist is actually making product in the window, and he was visible from the sidewalk, where this photo was taken.

2. *Service Office Window Improvement.* The identity of a district comes from ground floor uses. So every business on the ground floor has an obligation to make the street level engaging and interesting, no matter what their business is. Currently, in Canby, there are a lot of service office uses downtown at the sidewalk level, so they need to be a good storefront window citizen and create interesting experiences that contribute to the act of being downtown. For many service businesses, the mere idea of creating a great window presence is overwhelming, so they avoid it. Get them some help! Provide some window makeover classes in actual businesses, and arm them with information to let their creative selves show!

Sidewalk Dialog. The cheapest and easiest fix every business could implement right now in downtown Canby is to engage the sidewalk more aggressively. There are a few businesses doing a good job of showing consumers what they do, and why they might want to stop in town. But most are not. Remember, sidewalks are your most important public gathering space, and presently, many of downtown's sidewalks look a little like landing strips. The sidewalks aren't providing the trail of crumbs to lead walkers from one business to the next.

Every business should be creating conversations with the sidewalk creatively and in a way that changes over time. Pictured below is a yarn shop in Winters, California, an agricultural town with a population of 6,900. They place a gigantic ball of yarn outside–quite a showstopper!

Public Sector/Institutions. The City and the Chamber and the Fairgrounds should take a leading role in several areas to improve retail recruitment and retention, as discussed below:

City of Canby. To improve retention and recruitment of retail in Canby, the city is largely in the game of improving what is here right now, which is going to require a combination of economic development work with small local businesses, and Main Street types of assistance, which was outlined in previous sections. Some thoughts for further focus include:

1. *Code/Process Review.* What areas of current code and process make it difficult to improve a building? Work together with local owners/developers and businesses to understand where there may be roadblocks and difficulties.

2. *Latino Economic Development.* The Latino community is 25 percent of the population, but is very underrepresented in downtown Canby in terms of business ownership and in terms of being consumers. Possible areas for improving interconnection between the Latino and Anglo communities include:
   - Training for Anglo businesses on how to reach the Latino market.
   - Assistance to the panadería downtown to reach more of the Anglo market.
   - Outreach to the Mexican restaurants on Highway 99 and the establishment of technical assistance opportunities to help them improve business and participate in improvement programs where they are applicable.
   - There is a lot of market loss to Woodburn for the Latino community, but there are certain items that they like to purchase every day, and fresh, such as baked goods (hence the success of the panadería). It's possible there might be room in the Canby market for other freshly produced goods in Canby, such as a tortilla maker, for instance. This could be another area for economic development and recruitment outreach.

3. *Establish a Canby Marketplace.* Take the old library building and turn it into a market of sorts to feature all of the amazing arts, crafts, food, and wine production happening in Canby. This could be jumping off point that everyone who visits the region has to check out when they come to Canby or visit the Fairgrounds.

4. *Recruit More Restaurants.* Everyone wanted smaller, specialty dining options in downtown. Perhaps start a program similar to downtown Gresham's, where they waived system development fees for restaurants in the downtown to attract more, which was very successful. (These fees often price people out of the Portland market, along with housing, so it could be a real draw for regional chefs. For instance, Portland lost one of its most well regarded craft brewers to Washougal, WA a few years ago.)

Chamber of Commerce/Fairgrounds/Main Street. The Chamber represents all of the businesses in Canby, and can play a very important role in the old fashioned business of interconnecting the various pieces of Canby's business landscape more effectively, using downtown as a hub. The fairgrounds are a huge draw bringing in audiences from around the region, and around the country to regular events in the city.

1. *Curate Experiences.* The Chamber and Main street should be working with its members to curate distinct experiences for locals and visitors alike, with specific stops for everyone from a horse lover, to an antique lover, to a gardener, to a man shopper! (Canby Rental and Equipment downtown is awesome. It would be fun to have regular "operate a tractor" and other man district events!)

2. *Sponsor Special Tours.* Work on the expression of The Garden Spot brand in ways that begin/end in downtown. For instance, a wine and nursery tour where folks board a fun trolley bus and tour wineries and nurseries, with nursery and wine purchases bundled up on the bus, and brought to downtown for everyone to pack in their own car at the end of the day.

3. *Leverage Adjacencies.* The Main Street program should be working with the downtown and Highway 99 merchants to better understand what businesses are frequented together by consumers, and how to create co-marketing and co-branding to improve business. Also, training should be provided to local merchants about how to take advantage of district-wide events, like Junk Refunk, or a parade. Stores should brainstorm different techniques together, and then reconvene to share information about what worked and what didn't. In a downtown, everyone is in it together, so they should be working together!

4. *Bring the Farmer's Market Back.* If downtown Astoria can create a fantastic farmer's market even though they are not nearly as close to agriculture as Canby is, then downtown Canby can as well The farmer's market has no place in a Fred Meyer parking lot along a state highway. That is antithetical to the brand of a farmer's market and is a missed opportunity for downtown

Mid Century Arterial

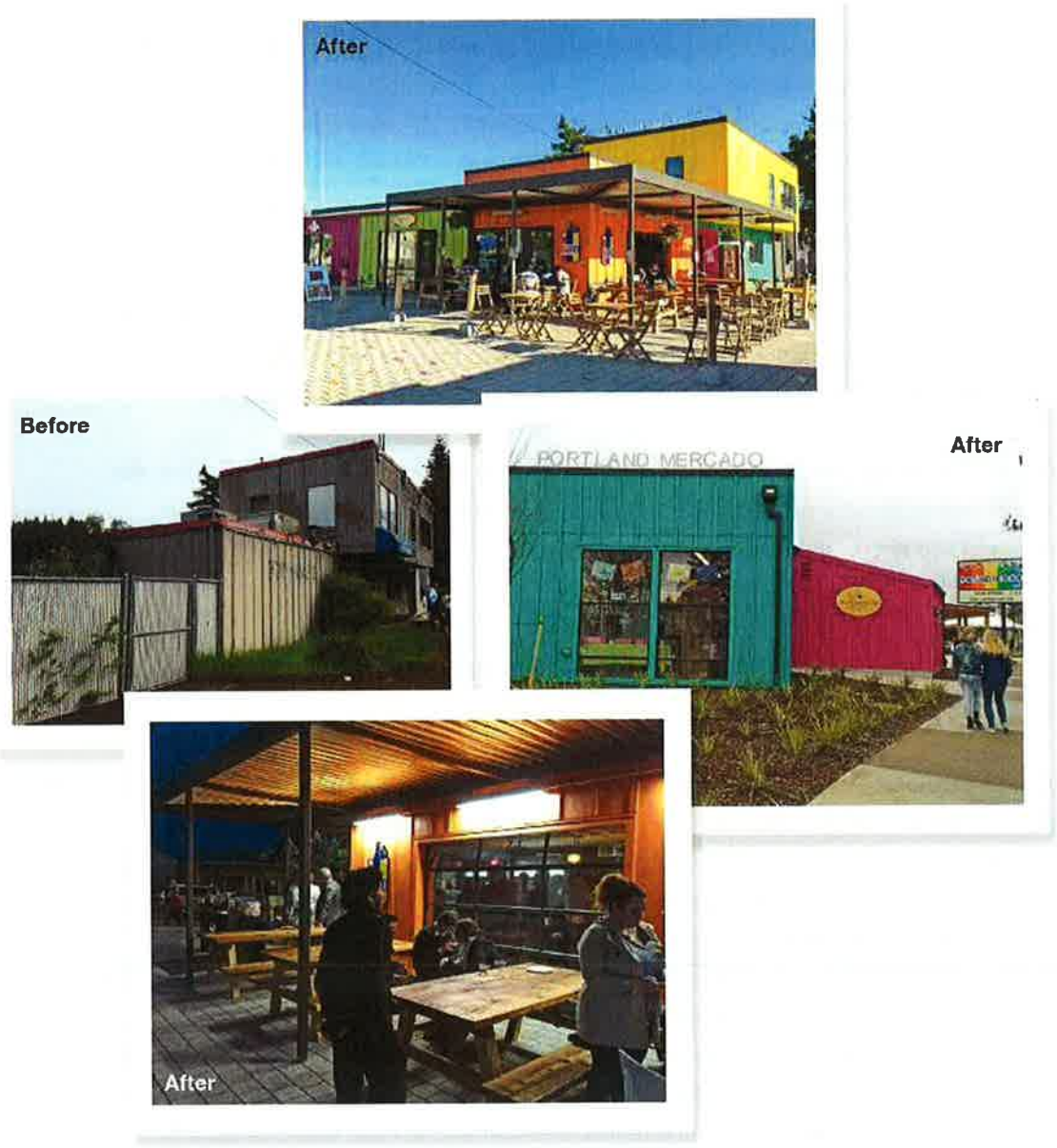
Highway 99 roadway. Previous planning work conducted by the City and other stakeholders—particularly the *Canby 99E Corridor and Gateway Design Plan* (2012) completed by the City in partnership with ODOT—have put forth many good ideas for physical improvements to Highway 99 in central Canby. While it is not the goal of this retail analysis to provide specific design concepts for Highway 99, most designs that promote narrower lanes, slower speeds, priority for pedestrian crossings in certain locations, and the introduction of more greenery are well worth pursuing. Their implementation will likely depend on the availability of funds from Canby and ODOT. When a visitor is in Canby itself, they should inherently know it visually. It should feel immediately different than being on Highway 99 outside of city limits. It also must serve as a gateway to downtown, so this work is important for setting the stage.

Key Corners. Begin working on key corners to improve buildings and parking lots. Those key corners are the ones that are gateways to downtown, or that highlight important, distinct Canby offerings, such as Spring Chickens Art and Handcrafts store or Bricks & Minifigs.

- Parking Lot Improvement. Introduction of landscaping, a screen to demark the sidewalk from the business parking lot, and a path from the sidewalk to the building that can be driven over are all areas that create a very different visual environment on busy streets, as shown below.

For a restaurant, introducing an exterior seating area set back from the road can be visually appealing as well, even if no one is sitting there! As an example of how these treatments can make a difference, see the photos below of a renovated strip mall on a busy corridor. The softening of the edge between the sidewalk and the parking lot, the use of metal screens and landscaping to block cars, the pathway into the project, and the introduction of a seating area in the parking lot all make for a compelling and visually engaging experience.

- Building Improvement. Follow the same rules for downtown mentioned above to create compelling buildings on Highway 99. There is no building that can't tell a great story from the street, and sometimes it's as simple as introducing color, providing exterior product display areas, and bringing some transparency. Below, please see an example of a former vacant used car lot on a busy corridor that was turned into a vibrant food-based Latino Mercado



Anchored Centers

Our assessment is that developing a strategy for the City to positively influence outcomes at Canby's anchored centers will likely be more difficult to define and execute than strategies for downtown and the Highway 99 corridor. Further, it is likely that the City will have a greater return on investment—broadly defined—on its efforts in downtown and Highway 99 than in the anchored centers. Our perspective is that "return" can be thought of both in terms of financial and economic outcomes (e.g., additional property tax revenues and jobs), and also the achievement of strategic and community goals (e.g., strength of community, quality of life, and family friendliness).

This assessment begins with the observation that anchored centers will be more difficult for the City to influence than the other retail types, for the reasons cited above: they are privately owned and operated, and responsive to the market analysis conducted by the owners, and existing and future tenants.

Outlook for change. Leland Consulting Group and Civilis Consultants believe that *incremental* change—such as aesthetic improvements and tenant additions—at the anchored centers is likely, but that *dramatic* change—such as redevelopment or change of format to include major new anchors such as fashion (e.g., Marshalls) or large-format general merchandise (e.g., Target), is unlikely within the next five to 10 years. This is due to the traditional retail center formats (neighborhood versus community and regional), required population support size, and demand analysis. If such dramatic change were possible, major City efforts (such as investment in intersection improvements or development fee deferrals) might be warranted and generate a high return on investment. Given that incremental change is more likely, we recommend that the City continue to partner with and assist these centers, help to market them, but not be prepared to make major investments of time or capital unless conditions change.

While dramatic redevelopment is unlikely, there is every reason for the city to work to see that the centers are attractive, provide needed goods and services, continue to be valued parts of the community, and add new brands and tenants incrementally.

Toolkit and Action Plan

We recommend the City consider the following actions, beginning in the upcoming year, and continuing into future years based on staff capacity:

Maintain good relationships with center representatives. Positively affecting outcomes at Canby's centers begins with positive relationships with the owners, retail brokers, and potentially other representatives of those centers. The City should begin by periodically calling and meeting with brokers who are marketing vacant spaces in the centers, and determining if these individuals are the designated representatives of the center owners. If so, these brokers will likely become the City's primary contact people. In some cases, this may lead to a relationship with owners, though owners are sometimes a more diffuse group located further from Canby.

- There are numerous retail brokerages and specialists that work in Canby and the Portland region, including CRA (Commercial Realty Advisors), Kidder Matthews, NAI Norris Beggs, and Simpson,
- Cushman & Wakefield, Urban Works, and others. City staff should have relationships with those who are active in the Canby market and understand their perspectives.

- Economic development staff should seek to understand the plans, desires, goals, and outlooks of the center owners and managers. What strategies to they anticipate using to attract new tenants or retain existing tenants? What positive features of Canby are they using to marketing the center? The city should seek to understand what low-cost help they can provide to help the centers in order to maintain them as valuable community assets. Naturally the city will not be able to respond to every request made by center representatives, but success starts with a good relationship.
- The city should provide copies of this report, and the attached marketing flyer, as center brokers may want to use some of that material.
- The city should keep center representatives updated on progress vis a vis various plans and efforts, such as the City Hall and Library improvements, new tenants and development downtown, and potential beautification efforts on Highway 99. Some center representatives will appreciate these efforts and use them in their marketing efforts.

Actively participate in retail professional groups. Similar to the action above, there are a number of professional organizations in the retail and real estate industries that the city should participate in. The primary groups familiar to us are ICSC (International Council of Shopping Centers), CREW (Women in Commercial Real Estate), and ULI (Urban Land Institute). Metro, Portland's regional government, also regularly schedules events that pertain to urban development. Of course, local chambers of commerce are important groups as well. These organizations maintain active event calendars and are great places to hear about the latest retail trends including new tenants, formats, incentives, etc. ICSC and ULI also host major national conferences where many major retail development and tenanting deals are struck. If the city believes it could play "match maker" to a major retail development deal, it should consider attending one of ICSC's national conferences.

- There is no way to ensure an immediate pay-off to participation in these groups. However, being armed with the latest information will enable the city to react quickly and effectively to opportunities such as new spaces or properties becoming available, etc.

Establish a short list of desired tenants.

- The city staff and leadership should review the list of "most likely" regional and national retail tenants and determine which if any are highly desirable (see Figure 16), and discuss these tenants with several key brokers or others with whom the city has an established relationship. Among other things, the city will want to understand a) who represents this tenant, and b) what are the key site selection criteria for that tenant (typically metrics for population/households, incomes, etc. within a certain area).
- This information will shape the city's strategy going forward, since the site selection criteria may be achievable or unachievable.

Web site and marketing materials. As part of this project, Civilis Consultants has prepared new marketing materials for the city. These and other materials should emphasize Canby's distinctive and desirable features:

- The Garden Spot: Located in an agriculturally and historically rich part of the Willamette Valley, in a region known for its great food, agriculture, farms, and connection to nature.

- Location in the greater Portland metropolitan region, which is hip, growing, and now a national and international destination for food tourism, among other draws. The city's 2000 to 2010 growth rate was 1.9 percent annually.
- Data including that highlighted in Figure 4, Figure 7, and Appendix A.
- A complete, middle-class community, that is family oriented, and features solid incomes, and a jobs-to-housing ratio that exceeds that of many suburban communities.
- Unique small town character, including two great downtown retail streets, Wait Park, with a new Library and City Hall under construction, eight screen cinema, and gourmet grocery store!
- Easy access to the region via Highway 99 and I-5, yet "away from it all."
- A market area with a population of 50,000+, which extends well beyond the city boundaries.

Other Actions

Major Public-Private Partnerships. Many cities effect dramatic change through public private partnerships (PPP), in which public and private-sector partners both enable a major project to happen through coordinated investments of time, effort, strategic planning, and capital. The City of Canby is currently moving ahead with a major PPP downtown that will result in a mixed-use building on 2nd Avenue. Other examples of PPPs include Lake View Village in Lake Oswego and the Willamette Falls project in Oregon City. Such a partnership would only make sense at one of the city's anchored centers if the city could achieve significant benefits—likely some combination of financial (tax and fee revenue), economic (job creation), and community strategic benefit (attraction of major new tenants or improvement in quality of life). At this point, we are not aware of a compelling reason to study or pursue a PPP at one of the anchored centers; however, such an opportunity might arise, particularly if growth continues, and retail formats continue to change, in the +/- 10-year time frame.

Appendices

A. Additional Maps and Data Analysis

Figure 17. Demographics for Canby 1, 3, and 5-mile Radii

	1-mile	3-mile	5-mile
Population	13,201	20,393	39,786
Households	4,763	7,388	15,637
Median Household Income	$56,481	$62,015	$63,921
Average Household Income	$70,511	$79,268	$80,056
Per Capita Income	$25,685	$28,629	$31,499
Annual Population Growth Rate (2000 to 2015)	1.1%	1.2%	1.3%

Figure 18. Canby Market Area Demand Analysis

Regional Retail Trade Area
10-Year Retail Demand Analysis (excl. Automotive)

Canby Capture of Overall Trade Area Demand

	Current Est. HH Demand (ESRI)	Current Est. Sales (ESRI)	Projected Trade Area HH Growth Rate	Year 10 Projected Trade Area Demand	Growth in Demand	Est. Sales/s.f. (existing stores)	Est. Sales/s.f. (new stores)	10-yr New Demand from HH Growth (s.f.)	Plus Recapture-able Existing Leakage (s.f.)	Plus Est. Obsolete s.f. Replaced (1% in 10 yr)	Total New 10-yr Demand (s.f.)	Conservative Subject Capture Rate	10-yr Conservative Capture (s.f.)	Attainable Subject Capture Rate	10-yr Attainable Capture (s.f.)
Furniture and Home Furnishings	$19,874,180	$5,690,217	0.6%	$21,099,348	$1,225,168	$275	$290	4,225	4,891	207	9,323	40%	4,000	60%	6,000
Electronics and Appliance	$45,051,048	$7,483,716	0.6%	$47,828,274	$2,777,226	$325	$340	8,168	11,049	230	19,448	40%	8,000	60%	12,000
Building Material, Garden Equip	$35,050,263	$100,432,560	0.6%	$37,210,978	$2,160,715	$325	$350	6,173	0	3,090	9,264	40%	4,000	60%	6,000
Food and Beverage (grocery)	$135,120,904	$76,656,453	0.6%	$143,450,593	$8,329,689	$450	$470	17,723	24,878	1,703	44,305	40%	18,000	60%	27,000
Health and Personal Care	$38,207,198	$36,385,254	0.6%	$40,562,526	$2,355,328	$350	$370	6,366	985	1,040	8,390	40%	3,000	60%	5,000
Clothing and Accessories	$35,809,045	$5,968,192	0.6%	$38,016,536	$2,207,491	$300	$325	6,792	9,182	199	16,173	40%	6,000	60%	10,000
Sporting Gds, Hobby, Book, Music	$21,299,504	$6,433,593	0.6%	$22,612,537	$1,313,033	$275	$300	4,377	4,955	234	9,566	40%	4,000	60%	6,000
General Merchandise	$116,431,178	$47,606,320	0.6%	$123,608,717	$7,177,539	$300	$325	22,085	21,177	1,587	44,848	40%	18,000	60%	27,000
Misc. Store Retailers	$39,901,317	$33,946,351	0.6%	$42,361,081	$2,459,764	$225	$250	9,839	2,382	1,509	13,730	40%	5,000	60%	8,000
Foodservice and Drinking Places	$70,014,293	$35,373,429	0.6%	$74,330,408	$4,316,115	$350	$370	11,665	9,362	1,011	22,038	40%	9,000	60%	13,000
Other (including cinema, prof./med. office, consumer banks, etc.) @ 10% of total	$61,243,482	$39,157,369	0.6%	$65,018,910	$3,775,428	$250	$270	13,983	8,180	1,566	23,729	40%	9,000	60%	14,000
Totals	**$618,002,412**	**$395,133,454**		**$656,099,909**	**$38,097,497**			**111,396**	**97,042**	**12,376**	**220,814**		**88,000**		**134,000**

B. Marketing Flyer Template

CANBY WANTS YOU!

- FOODIES
- DAPPER DANS
- WOOD WORKERS
- ANTIQUE HOUNDS
- FLORAL DESIGNERS
- CREATIVE THINKERS
- FURNITURE RESTORERS
- SAVVY SHOPKEEPERS
- VINTAGE LOVERS
- FRIENDLY FOLKS
- SADDLE MAKERS
- MEAT CURERS
- CRAFTERS

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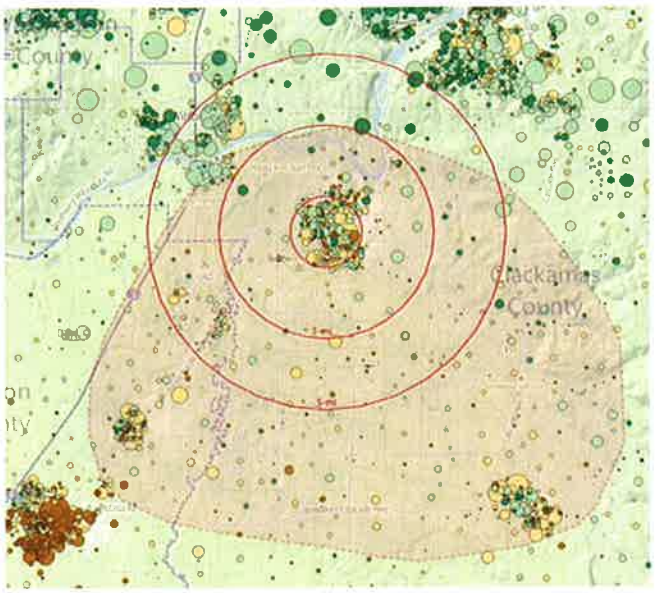
Canby

REAL CITY, REAL PEOPLE



Resident Wages

Share of residents earning $3,333+ per month

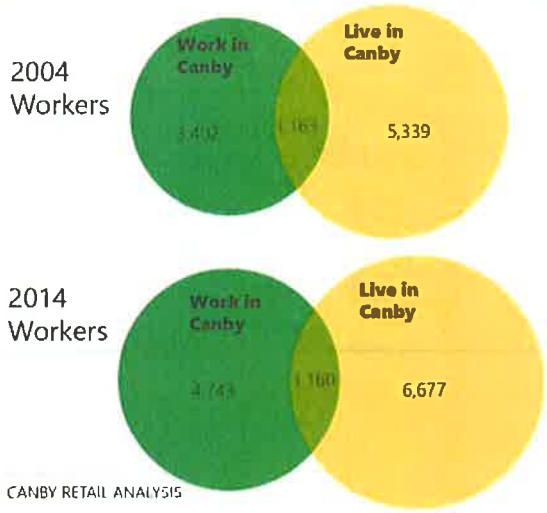
lowest ------- **highest**

- Canby's market area covers a fairly diverse mix of earners
- Especially relative to the predominately higher-wage residents to the north and more uniformly lower-wages southwest along I-5

Canby may be one of the few places left in America that doesn't have extreme income segregation.

CANBY IS THE 7TH SAFEST CITY IN OREGON!

Commute Patterns



- 1.4 out-commuters for every in-commuter
- In-commutes have grown by 40% in past decade, due to strong Canby job growth
- Out-commutes grew by 25%
- Ability to both live **and** work in Canby has remained flat
- (Could signal need for additional resident-serving retail)

A sizable group of employees commute into the city for work – Canby isn't a bedroom community!

THE REAL DEAL

Demographic Comparisons

	City of Canby	Canby Market Area	Clackamas County	State of Oregon	USA
Population 2015	16,070	50,162	391,018	3,953,654	318,536,439
Households - 2000	4,667	15,264	128,179	1,333,723	105,480,101
Households 2010	5,647	17,946	145,790	1,518,938	116,716,292
Households 2015 est.	5,771	18,596	152,737	1,575,755	120,746,349
Annual HH Growth Rate					
2000-2010	1.9%	1.6%	1.3%	1.3%	1.0%
2010-2015	0.4%	0.7%	0.9%	0.7%	0.7%
2015-2020 (ESRI proj.)	0.6%	0.8%	0.9%	0.8%	0.8%
Absolute HH Growth					
2000 to 2010	980	2,682	17,611	185,215	11,236,191
2010 to 2015	124	650	6,947	56,817	4,030,057
Household Characteristics					
Average Household Size (2015)	2.77	2.69	2.54	2.45	2.57
"Family" Households (2+ related persons)	73%	73%	69%	63%	66%
"Non-Family" Households (2+, unrelated)	5%	5%	7%	9%	7%
Single-person Households	22%	22%	24%	27%	27%
Renter Households (2015)	34%	27%	30%	36%	33%

Source: ESRI

Canby has grown quite a bit since 2000 and is ready for new and exciting retail and restaurant services!

Demographic Comparisons

	City of Canby	Canby Market Area	Clackamas County	State of Oregon	USA
Education					
Bachelor's Degree	28%	25%	34%	31%	30%
Occupation					
White Collar	55%	54%	64%	60%	60%
Blue Collar	32%	31%	21%	22%	21%
Service	13%	15%	15%	18%	18%
Income					
Median Household Income	$59,430	$60,621	$66,076	$51,627	$53,217
Average Household Income	$75,131	$75,698	$87,027	$68,854	$74,699
Incomes above $150K	8.8%	7.9%	12.5%	7.5%	10.2%
Average Income as Percent of Median Income	126%	125%	132%	133%	140%
Incomes below $25K	19%	17%	17%	24%	23%
top 10% Household Income	$167,241	$166,267	$182,517	$167,817	$175,500
Tenure, Home Value, Vacancy					
Renter Occupied	34%	27%	30%	36%	33%
Owner Occupied	66%	73%	70%	64%	67%
Median Home Value	$268,299	$276,816	$325,766	$253,334	$200,006
Overall Percent Vacant	4.5%	5.2%	7.0%	9.4%	11.6%

Source: ESRI

Canby is in demand! Its median income is higher than the OR and USA average, with low vacancy rates.

TRUE STORIES

Harefest is epic weekend of nostalgic music July 17-18

Carlee Wright, Statesman Journal 4:16 p.m. PDT July 16, 2015

Get ready for an epic weekend of nostalgic music at Harefest, an outdoor music festival that features 13 tribute bands.

The festival, which got its start five years ago, has moved to Pat's Acres Racing Complex this year to fulfill its vision of music, camping and parking in one place, said co-producer Jason Fellman.

The lineup features some of the old favorites, such as Journey tribute Stone in Love and Guns N' Roses tribute Appetite for Deception but also new bands, including Beastie Boys tribute Grand Royale.

"The Metallica tribute is the heaviest we have ever done. Ozzy and Scorpions are also new this year," Fellman added.

But just because they are tribute bands doesn't mean the show won't be as polished as the real thing.

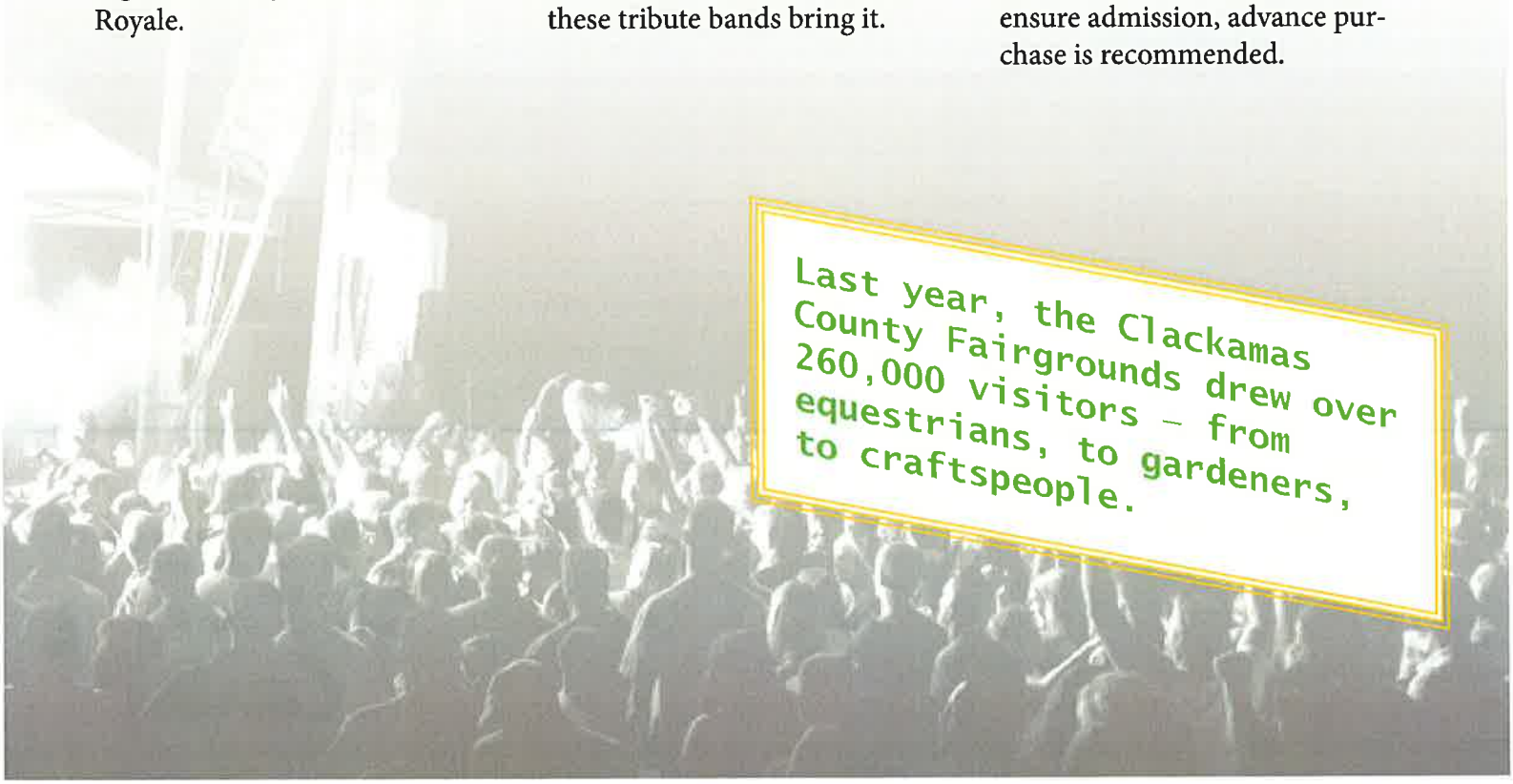
"The level of production at this event is really high," Fellman said. "We are asking people to suspend disbelief."

When people come out for a tribute band, they want to hear it like the album, noted Fellman, and these tribute bands bring it.

In addition to music, there will be vendors and a variety of foods available for purchase including pizza, barbecue, hot dogs, hamburgers, crepes, Hawaiian and Russian. Beer and other beverages also will be available. Outside food and drink are not permitted in the concert venue.

Make a weekend of it and camp out at the event. Although RV spots are all sold out, you still can rent space for a tent. Cost is $40 for two nights.

Festival ticket prices are the same in advance as at the gate, but to ensure admission, advance purchase is recommended.



Last year, the Clackamas County Fairgrounds drew over 260,000 visitors – from equestrians, to gardeners, to craftspeople.

FOR LEASE

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FOR SALE

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