JOHNSON ECONOMICS

MARKET ANALYSIS OF HOTEL DEVELOPMENT OPPORTUNITIES CITY OF CANBY, OREGON

APRIL 2026

Acknowledgements

This Hotel Development Market Analysis was commissioned by the City of Canby, Oregon

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I. Introduction

City of Canby has retained JOHNSON ECONOMICS to develop a preliminary evaluation of potential for hotel development within the City of Canby. This market study follows recent interest by community stakeholders who have expressed the need for local hotel and/or conference space development. In this analysis, JOHNSON ECONOMICS assessed market conditions to determine the market potential for new lodging facilities against the backdrop of the competitive landscape. This analysis will evaluate and make program recommendations with respect to the feasibility and likely market position of hotel development in the City of Canby. This study updates a previous analysis completed in 2022.

II. Executive Summary

- Hotel demand in Canby is driven largely by two factors. The first factor driving demand in the area is events. The city is home to the Clackamas County Fairgrounds and Event Center, which hosts dozens of events throughout the year, with annual attendance across all events of 283,000. While there are many day visitors to some of these events, many—specifically exhibitors and others involved in the events—need to have an option to stay the night/weekend. Canby is also home to many agritourism businesses including Swan Island Dahlias, TMK Creamery, and local wineries – all of which host events throughout the year. In addition to this, a hotel in the city would be welcome for those in town for sports tournaments. Willamette Valley Country Club has the ability to host major golf tournaments but has not been able to do so because of a lack of local accommodation. A hotel would also offer the Canby police department an opportunity to host training events.

- The second factor where the city would also draw demand for a hotel is via corporate stayovers. Canby has a thriving and growing business community. These businesses regularly need a place for out-of-town guests to stay. Though there is a motel in the city, surveys indicate that this type of accommodation is not consistent with business standards. Without an appropriate hotel in the city, these businesses are forced to have their guests stay as far away as the Grand in Bridgeport Village, more than 20 minutes away.

- Clackamas County's hospitality market reported stellar growth since the turn of the millennium and prior to the pandemic. Since 2000, Spending on hotels and motels in the county grew by an impressive 117% from 2000 through 2019. The hotels and motels accommodation sector experienced a 33% dip in spending during the pandemic but quickly bounced back. From 2021 to 2024, the sector grew by 45%. That equates to an annual average growth of 3.7% from 2000 to 2024.

- There are only four properties in the potential supply pipeline that are found in areas that would directly compete for visitors with Canby. These properties are found in Tualatin, Oregon City, and Happy Valley, all being within a roughly 20-24-minute drive. These properties consist of one economy, two upper midscale, and one upscale class hotel. These projects may potentially impact demand for hotels in Canby given their distance from the city. However, it is also likely that the more upscale hotels may cater more to people staying in their respective towns.

- JOHNSON ECONOMICS surveyed hotel properties within a determined market area. This market area was based largely on a drive-time distance of roughly 15-25 minutes. Based on surveys of businesses in Canby, this was the most common distance mentioned for hosting corporate stayovers. Within this market area, there are a total of fifteen properties with 1,242 rooms. Of these, JOHNSON ECONOMICS was able to obtain data on fifteen properties with 1,242 rooms. Roughly 33% of these rooms are classified as Upper Midscale, 7% as Upscale, 33% as Economy, and 27% as Midscale. The rooms are, on average, 16 minutes away from Canby by car.

FIGURE 2.1: SUMMARY OF COMPARABLE PROPERTIES

Class	Count	# of Rooms	Age	Rating (Hotels.com)	Rate (Aug 2026)	Rate (Feb 2026)
Economy	5	278	55	7.0	$103	$80
Midscale	5	338	35	7.6	$171	$114
Upper Midscale	4	508	37	8.5	$189	$147
Upscale	1	118	6	9.0	$191	$121
Total/Avg.	**15**	**1,242**	**33**	**8.0**	**$163**	**$115**

SOURCE: STR Global, JOHNSON ECONOMICS

- Following the pandemic, average daily revenue (ADR), occupancy rates, and revenue per available room (RevPAR) in the market area recovered considerably well, before seeing a bit of a decline over the past few years. Occupancy rates have risen from 45.4% in July 2020 to 74.4% in July 2025. RevPAR has risen from $44 in July 2020 to $112 in July 2025, while ADR grew from $97 to $151 during the same period. In a survey of prices for August 2026, comparable properties ranged from $103 for Economy-Class rooms to $191 for Upscale-Class rooms. The average rate, assuming a standard queen room, that month is $163 across all properties.

- A survey was conducted among local industrial and tourism business owners to identify local business owners' hotel preferences and the frequency with which they would use a new lodging option. Results indicated significant demand for business travel that is not currently being captured by local lodging options. The largest lodging gap observed by respondents was a lack of new and modern lodging, with a desired price range of $100 to $200 a night. This indicates a preference for an upper-midscale class hotel. Large chain hotel brands represent another commonly cited preference among business travelers, as they provide a sense of reliability and the opportunity to accumulate loyalty rewards.

- To meet this demand and the preferences of the business community, we recommend an Upper Midscale hotel with 60 to 80 rooms. This class of property includes such brands as Hampton Inn and Holiday Inn Express. A Midscale class hotel (La Quinta Inn/Quality Inn) could meet the needs of many guests as well, but it is not the preferred option. Given the demand in the local community, undersupply in the area, and lack of hotel units in the development pipeline, we expect that a new hotel of this size should be feasible.

III. Socioeconomic Trends and Conditions

This section describes current economic trends. The analysis relies heavily on data from third party sources, specifically the Congressional Budget Office (CBO), the Bureau of Economic Analysis (BEA), and the Oregon Employment Department (OED).

Demographic and economic indicators are key in the hotel development decision-making process. Gross Domestic Product, for instance, is generally seen to be highly positively correlated with demand for lodging. Other factors have been shown to be important as well. For example, Canina and Carvell (2005) found that indicators such as income growth and consumer confidence are also significantly related to the number of hotel rooms sold.

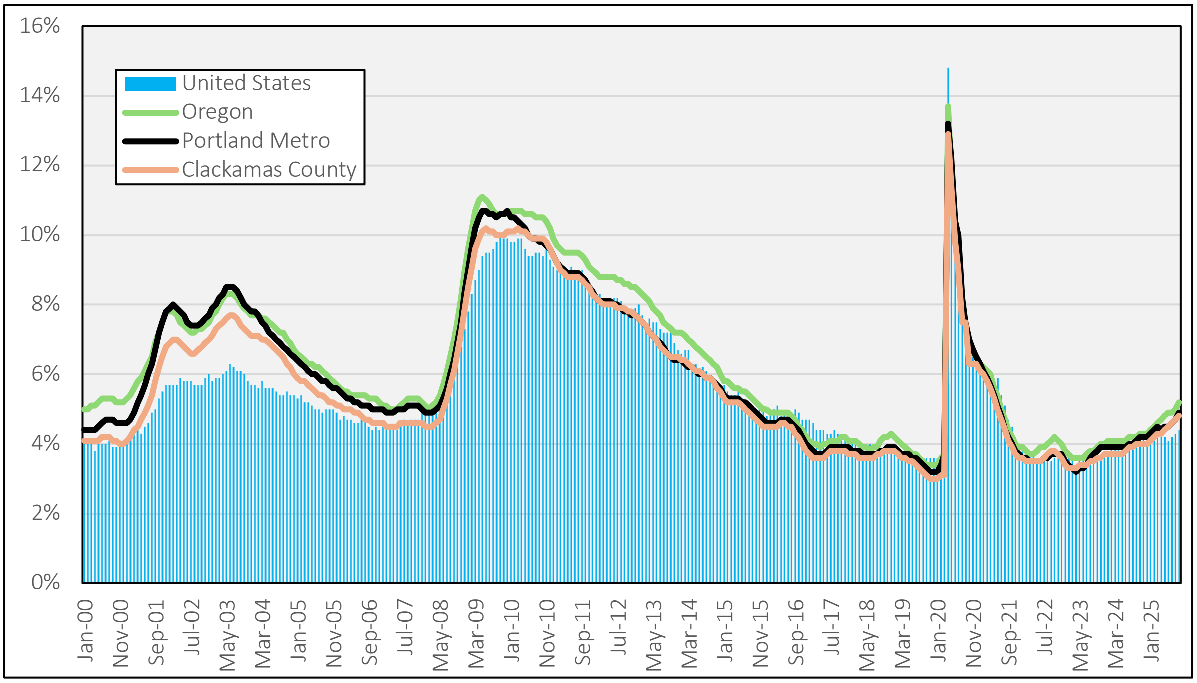
EMPLOYMENT

Prior to COVID, employment trends were very promising nationwide. During the tail end of the 2010s, strong job growth in the Portland Metro area subsequently helped reduce unemployment at a faster pace as compared to the rest of the nation. Furthermore, the United States had been at or below 5% unemployment for nearly 24 consecutive months through December 2019, with the other observed regions following suit. In the months leading up to COVID, the national unemployment rate was experiencing a historic low of roughly 3.5% around February 2020. However, the COVID pandemic was quick to accelerate unemployment rates to historic highs.

During COVID, the Portland area and state of Oregon saw unemployment rates of roughly 13%, while the country reached unemployment rates of roughly 15%, a near decade high. Comparatively, Clackamas County fared slightly better than the region and nation as unemployment rates only reached up to just under 13%. However, this is not surprising as Clackamas County has seen historically better unemployment rates since the early 2010's, most likely driven by the strong job growth experienced in the region.

Following the pandemic, recovery moved quickly, with unemployment rates dropping to pre-pandemic levels in early 2022. Since then, the unemployment rate has been steadily rising, with the Portland metro area, Clackamas County, and Oregon all seeing unemployment rates surpassing national levels in March 2025. Despite seeing a recent rise, unemployment rates are still low relative to historic trends, with Clackamas County seeing an unemployment rate of 4.7% in August 2025.

FIGURE 3.6: UNEMPLOYMENT RATE TRENDS (2000 - SEP 2025)

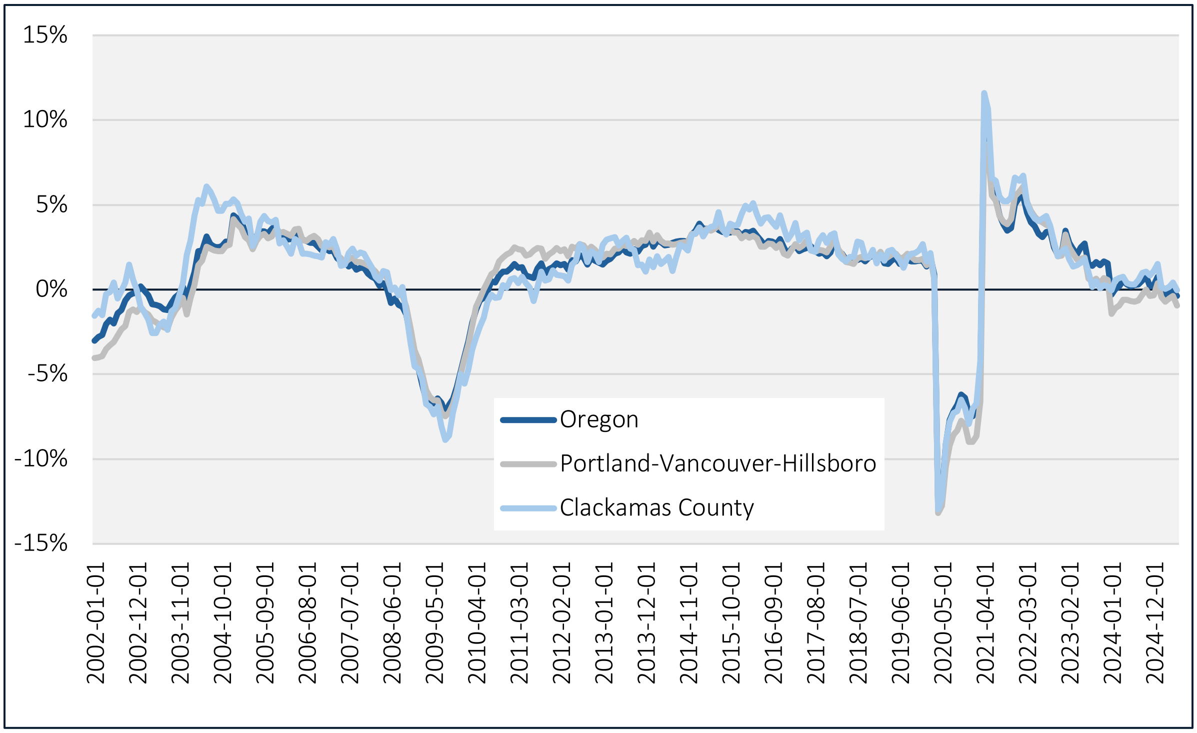


SOURCE: Oregon Employment Department, BLS, Johnson Economics

Pre-COVID, the Portland Metro area and Oregon mimicked each other for most of the 2010's, both outpacing Clackamas County for the first half of the 2010's and Clackamas County outpacing both for the second. During the pandemic, all three regions were hit hard, each losing roughly 13% of their employment before bouncing back the following year.

The Portland metro area, Clackamas County, and State of Oregon have seen growth slowing significantly following strong recovery trends post-COVID. Since 2024, Clackamas County has outperformed the metro area and the state. The Portland metro area has yet to surpass 1% of growth, while the state's year-over-year employment growth has remained in negative territory with the exception of a 0.16% growth in February 2025. The county has been able to continue to take advantage of some migration out of the Portland area, seeing growth of 1.52% at the beginning of 2025.

FIGURE 3.7: YEAR-OVER-YEAR EMPLOYMENT GROWTH (2002-2024)



SOURCE: Oregon Employment Department, BLS, Johnson Economics

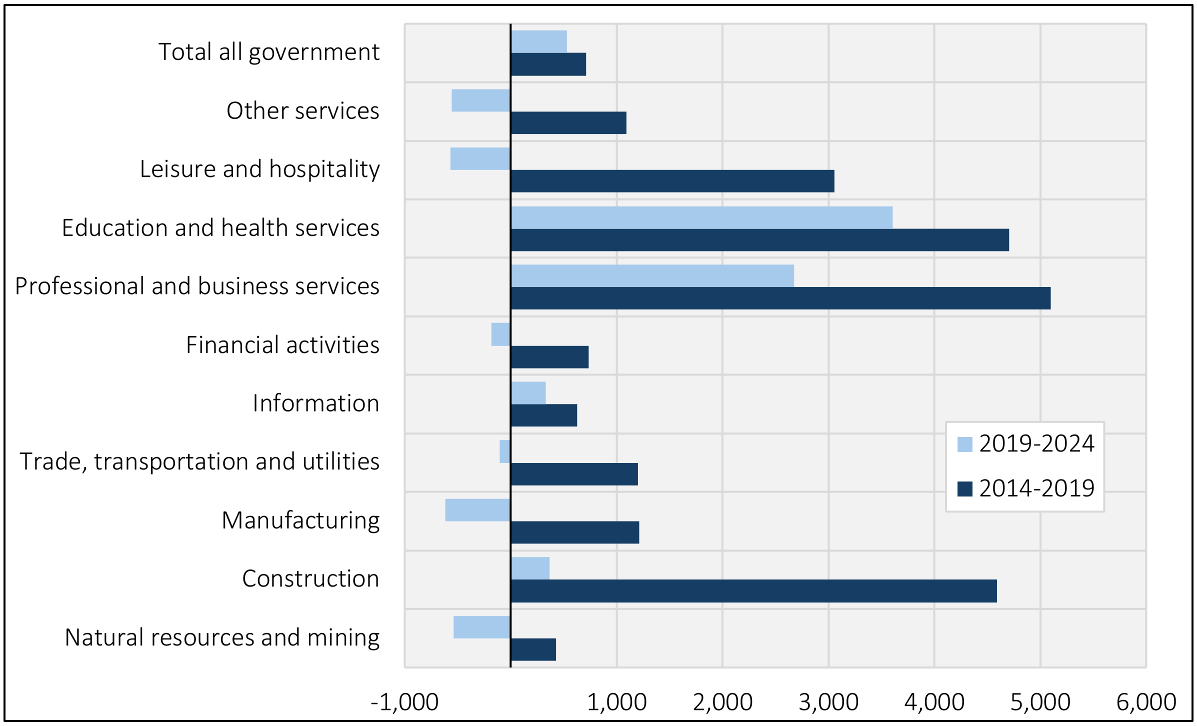
Clackamas County saw significantly more employment growth from 2014 to 2019 than 2019 to 2024, in line with the other counties making up the Portland Metro Area.

From 2014 to 2019, the sector with the strongest growth in terms of total jobs added were professional & business services, education & health services, and construction, all of which added more than 4,500 jobs. Construction experienced the fastest growth, seeing the industry's employment increase by nearly 50%. During this period, no industry experienced employment decline. From 2019 to 2024, the education & health services and professional & business services sectors saw the most total employment growth by a large margin, with education & health services growing by over 3,500 and the professional & business services sector growing by over 2,500.

In terms of total wages, all industries have seen positive growth. From 2014 to 2024, the professional & business services sector saw the biggest increase in total wages, followed closely by educational services and construction. Since 2019, the information industry has seen the largest average pay jump, with average wages increasing by just under $25,000. This equates to an average annual growth of roughly 5% during this time. The government sector saw a higher proportional growth during this time, averaging 6.3% annual wage growth. The other services and construction industries saw the next highest proportional annual wage growth.

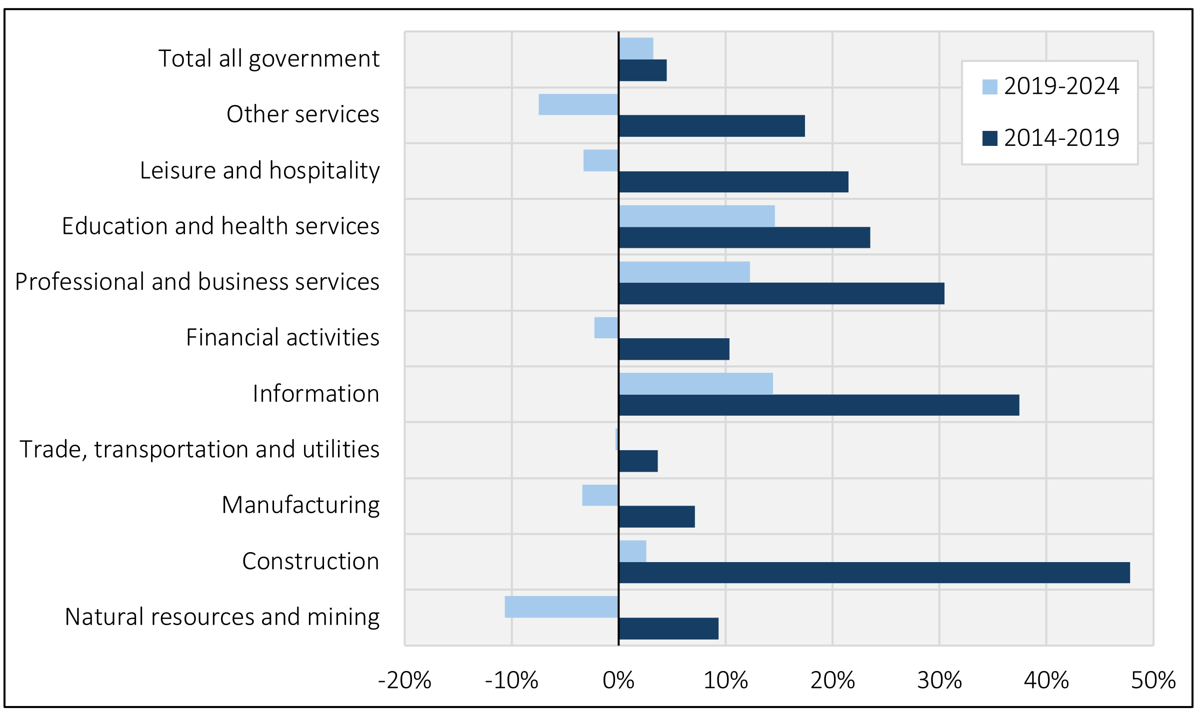
The following four charts detail employment and wage growth by industry in Clackamas County.

FIGURE 3.8: TOTAL EMPLOYMENT GROWTH BY INDUSTRY, CLACKAMAS COUNTY



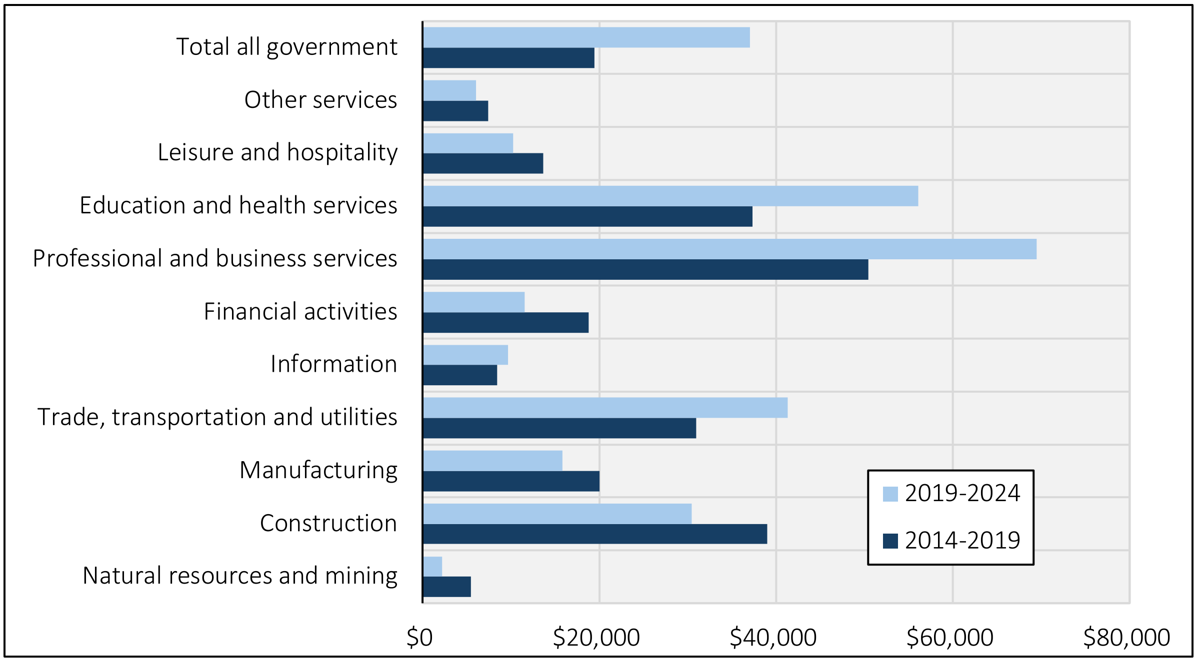
SOURCE: State of Oregon, JOHNSON ECONOMICS

FIGURE 3.9: ANNUAL EMPLOYMENT GROWTH BY INDUSTRY (%), CLACKAMAS COUNTY



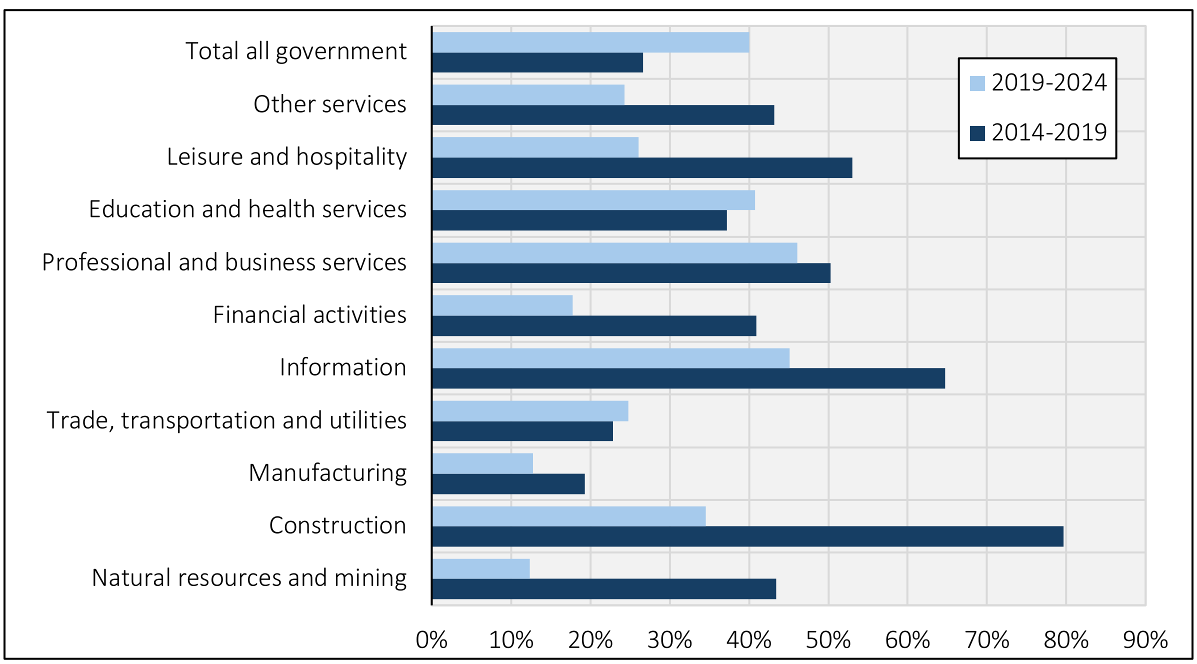
SOURCE: State of Oregon, JOHNSON ECONOMICS

FIGURE 3.10: TOTAL WAGE GROWTH BY INDUSTRY (TENS OF THOUSANDS OF $) – CLACKAMAS COUNTY



SOURCE: State of Oregon, JOHNSON ECONOMICS

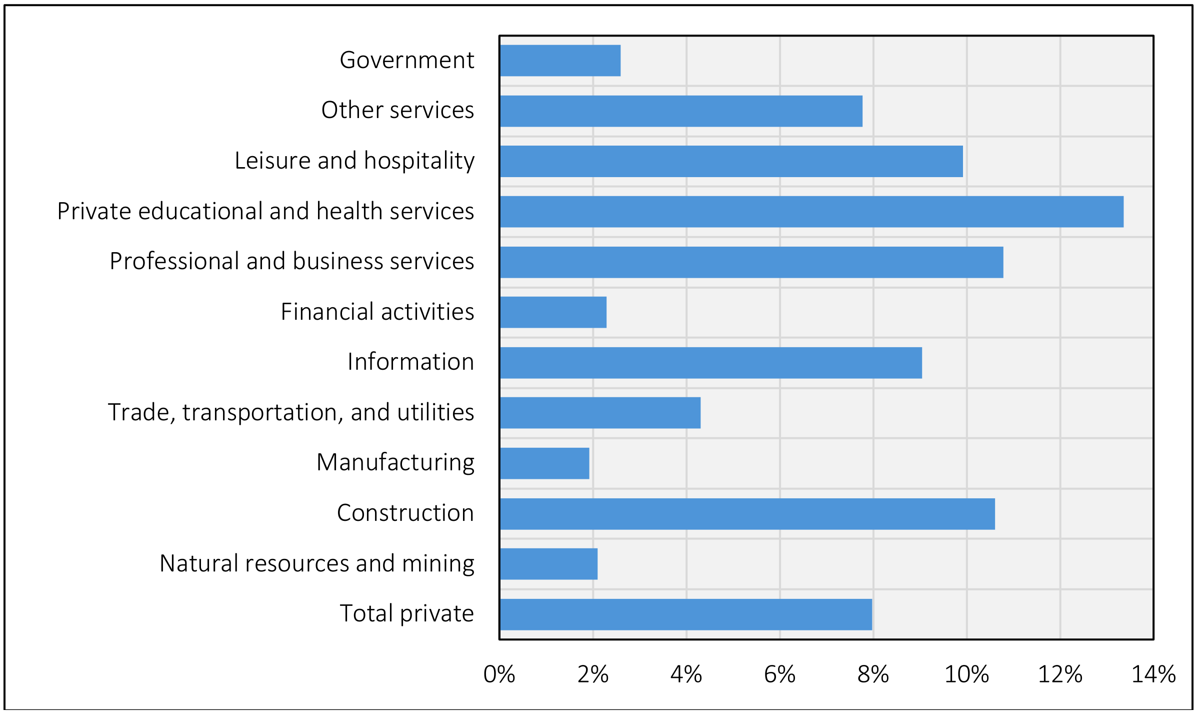
FIGURE 3.11: ANNUAL WAGE GROWTH BY INDUSTRY (%) – CLACKAMAS COUNTY



SOURCE: State of Oregon, JOHNSON ECONOMICS

The latest projections made by the Oregon Employment Department for the Portland Metro Area are plotted from 2024 to 2034. Over this ten-year period, 70,000 new private jobs are projected for the tri-county area. Educational and health services are expected to see nearly 21,000 added jobs, the most of any sector. Leisure and hospitality are also projected to vastly outperform other industries on a percentage basis as it is expected to grow by roughly 13% over the next decade.

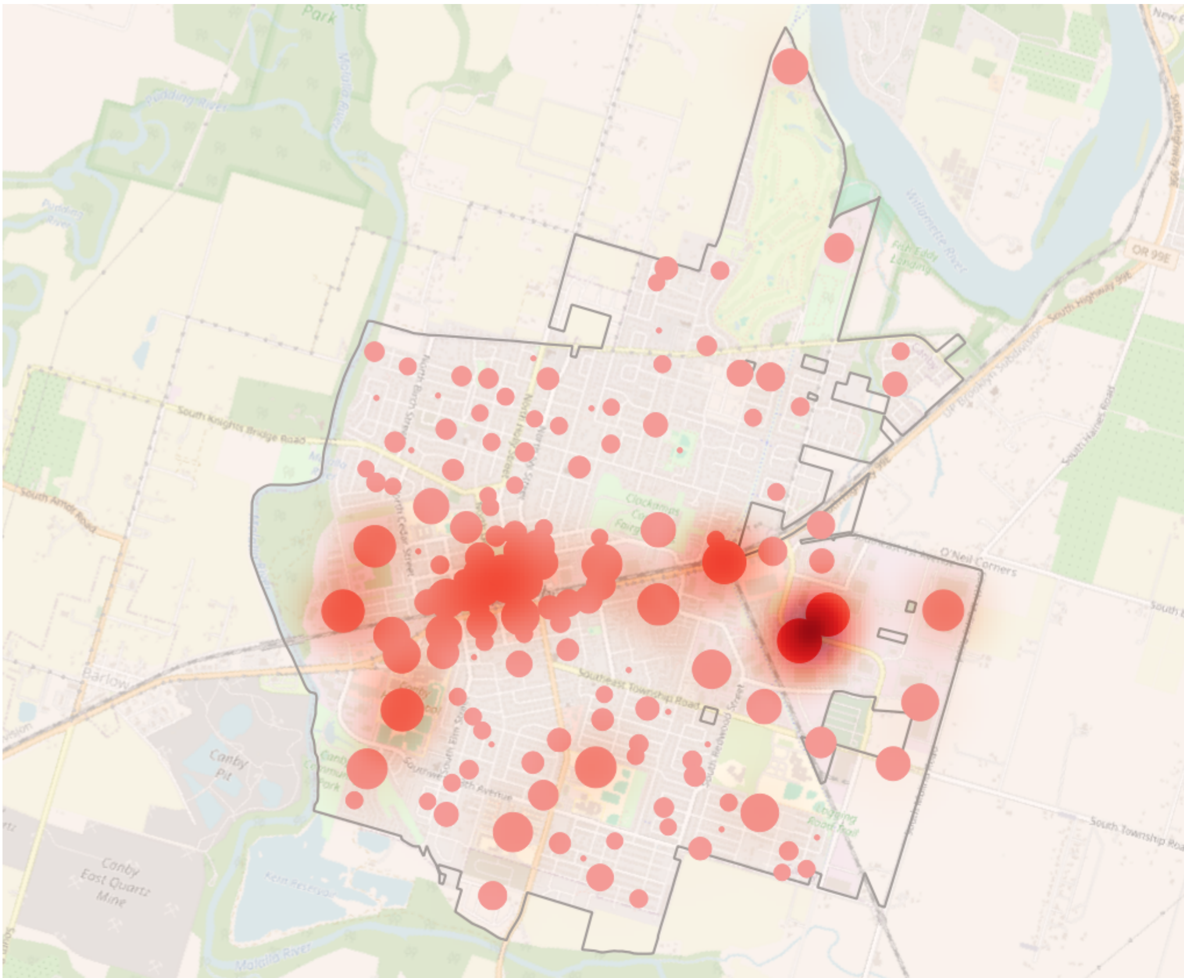
FIGURE 3.12: PORTLAND METRO AREA PROJECTED EMPLOYMENT GROWTH, 2024 – 2034



SOURCE: Oregon Employment Department, JOHNSON ECONOMICS

The City of Canby's employment is generally centered around OR 99E (Pacific Highway), particularly in the downtown area and around Canby Highschool and the surrounding retail. Other concentrations are located along Pine Street in the east side of the city and along Ivy Street, with the Philander Lee Elementary School and the Hope Village Senior Living Community.

FIGURE 3.13: EMPLOYMENT DENSITY, CITY OF CANBY, 2023



Source: On The Map (US Census Bureau)

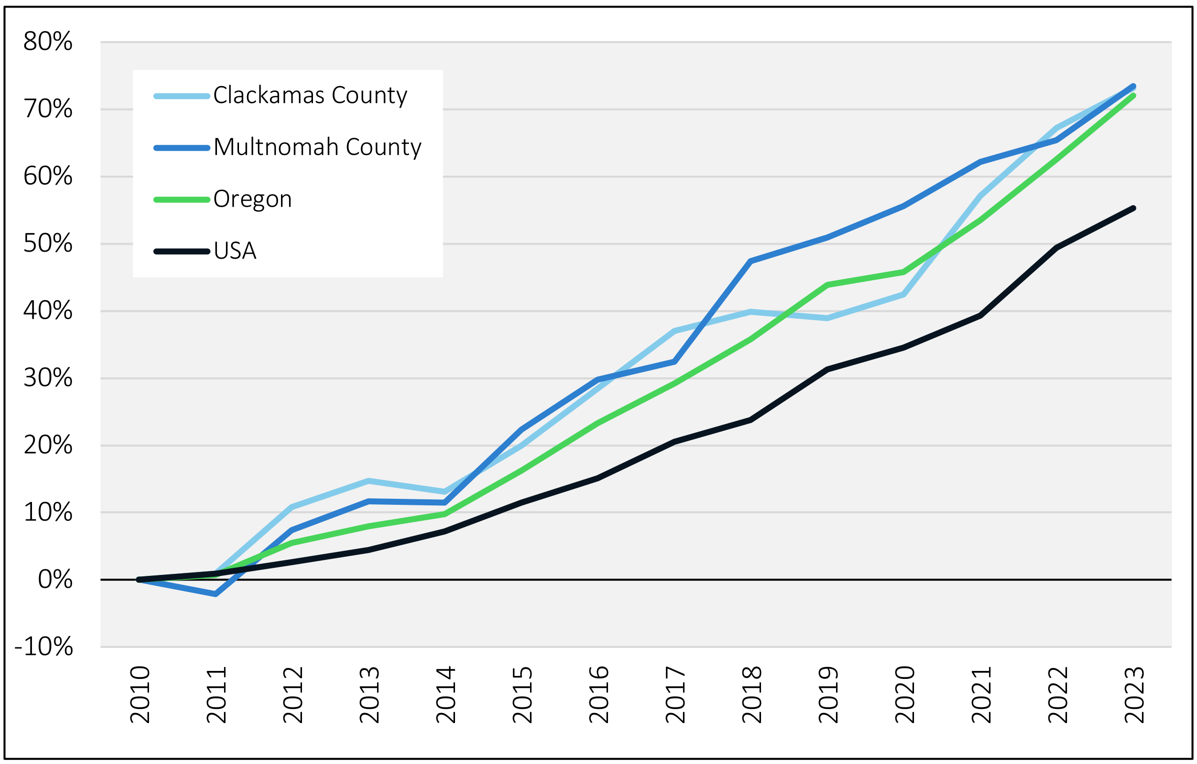
POPULATION AND INCOME

Before the pandemic, the Portland Metro area had been one of the fastest growing regions leading to the pandemic. The metro area has struggled to bounce back since the pandemic, however some of the suburban areas have continued to see growth.

From 2010 to 2015, Canby saw almost no growth, before seeing a significant bump from 2015 to 2016. The city's population stabilized until the pandemic, when it saw massive growth. Like many more suburban areas, Canby benefitted from the pandemic-era trend of workers moving further out from the city, when work from home trends allowed much of the work force to get more space for less cost. This equated to 7.3% population growth in 2020 alone, significantly outpacing the state, county, or nation's growth in the same period. Canby's growth trend has continued, even when the County and the Portland metro area experienced negative growth. From 2010 to 2024, Canby's population grew by roughly 21%, compared to 13% for Clackamas County and just under 14% for the Portland metro area. Only half an hour away from Portland, Canby provides those that have been priced out of the city a cheaper alternative.

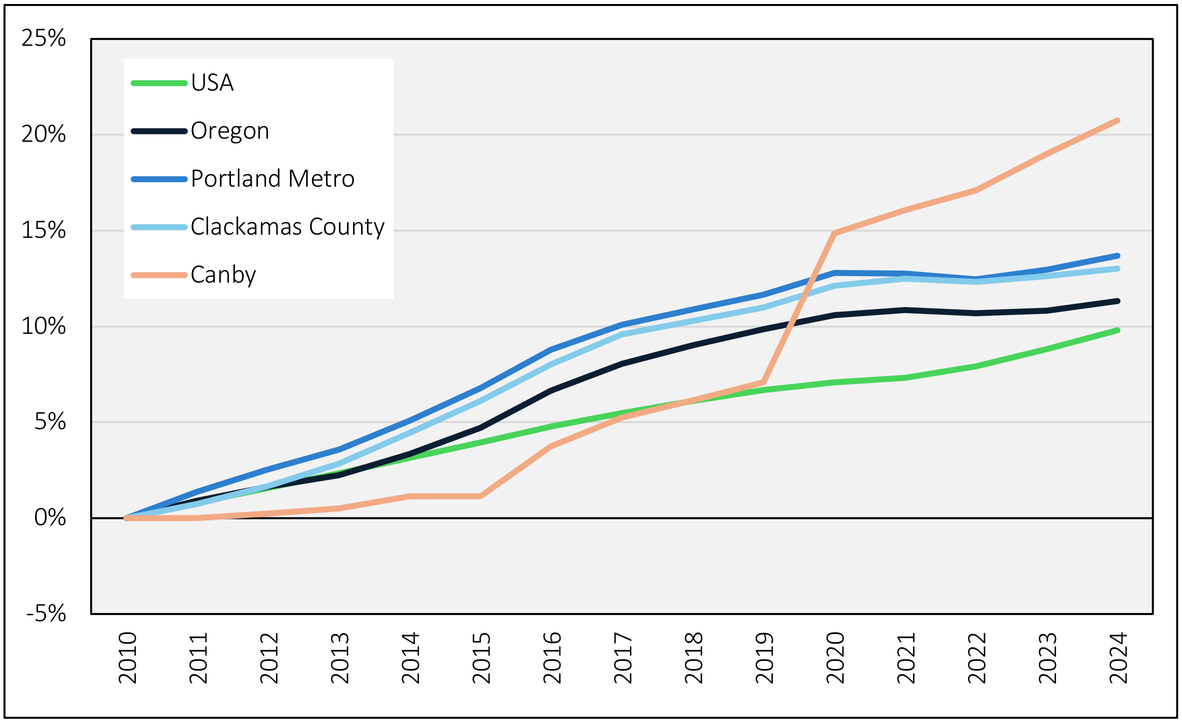
From 2014 through 2017, Clackamas County's median household income grew at a very fast pace, seeing over 20% population growth, before tapering off until the pandemic. Clackamas County benefited from companies moving out of Portland during the pandemic, seeing a significant increase in income levels during that time. Clackamas County surpassed total growth numbers of Oregon and Multnomah County within this time. Since 2010, the county's median household income has grown by 73.2%.

FIGURE 3.14: CUMULATIVE MEDIAN HOUSEHOLD INCOME GROWTH (2010-2024)



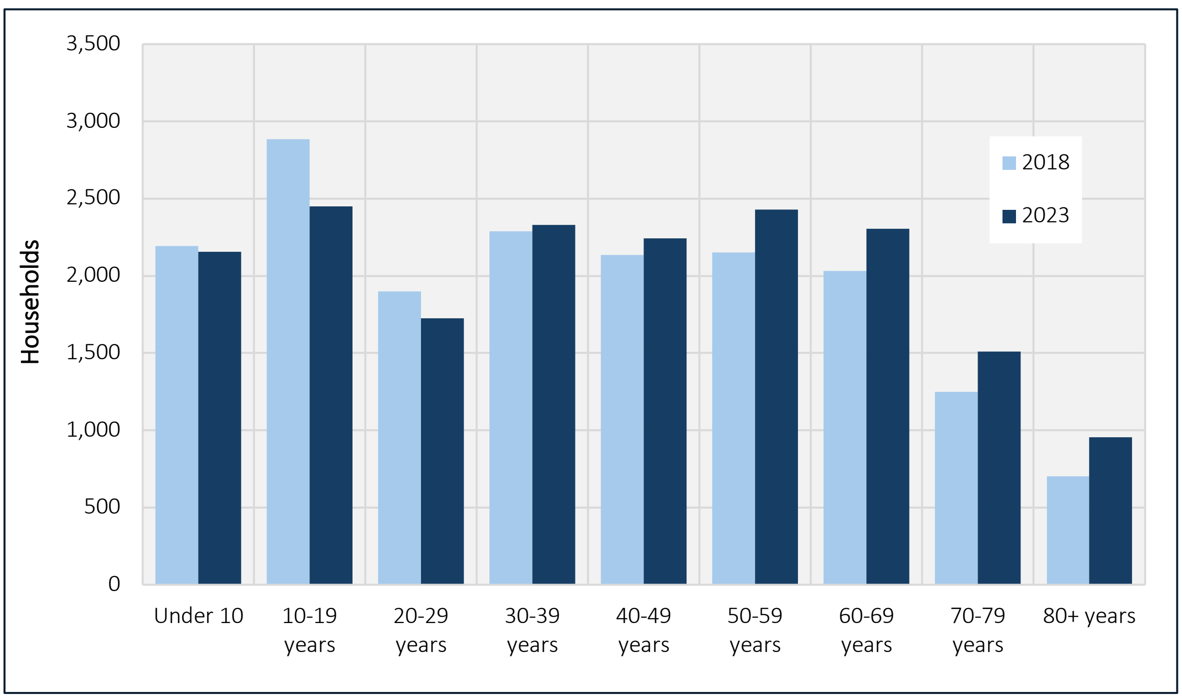
SOURCE: FRED, JOHNSON ECONOMICS

Figure 3.15: Cumulative Population Growth (2010-2024)



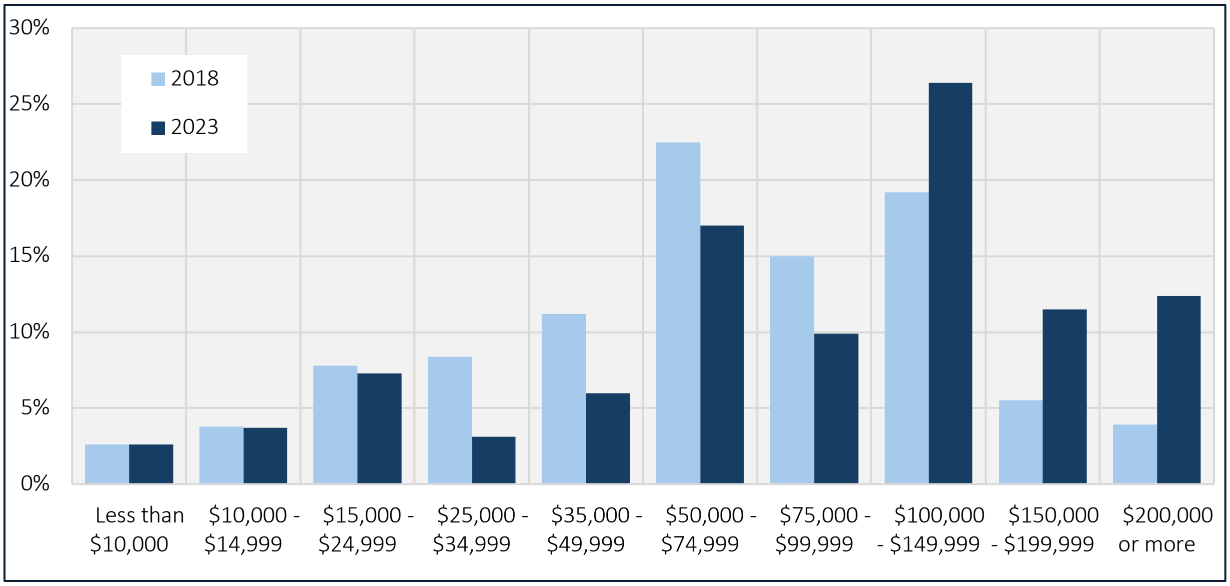
SOURCE: Portland State Population Research Center, Johnson Economics

Figure 3.16: Household Growth by Age Group- Canby (2018-2023)



SOURCE: U.S. Census Bureau, Johnson Economics

FIGURE 3.17: HOUSEHOLD GROWTH BY HOUSEHOLD INCOME – CANBY (2018-2023)



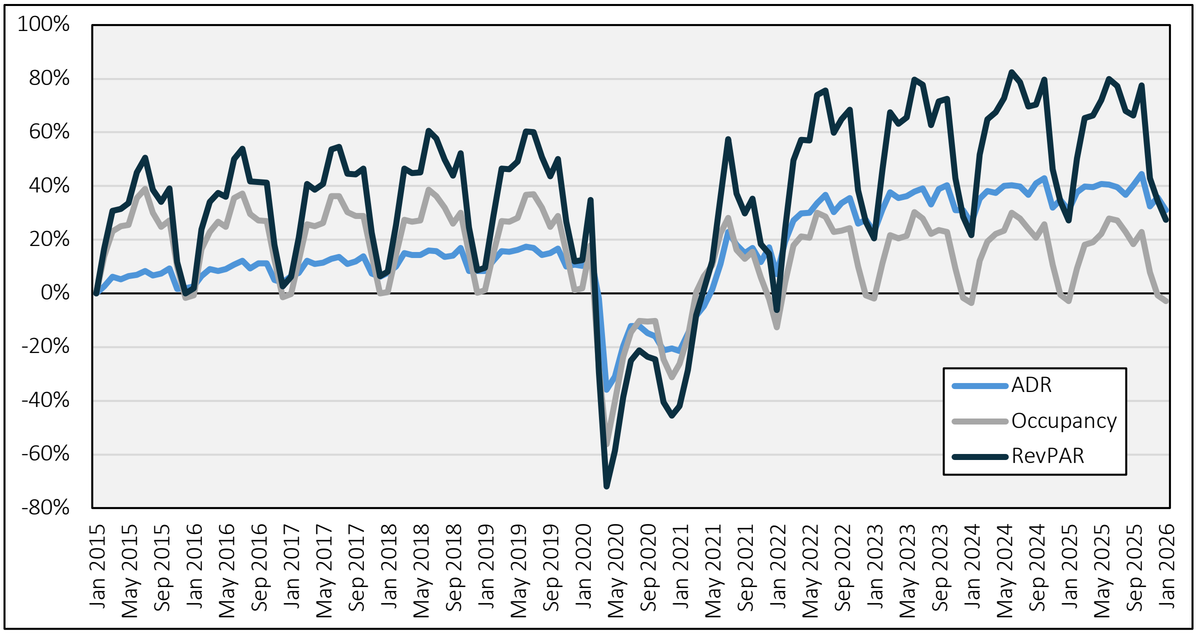
SOURCE: U.S. Census Bureau, JOHNSON ECONOMICS

IV. Hotel Development Market Conditions

U.S. Market Conditions

Similar to the county level, revenue per available room and average daily rate in the U.S has shown significant growth following the pandemic. Annual average RevPAR is up 25.9% since 2015 and 122% since COVID, while ADR numbers 31.4% growth since 2015 and 60% growth since 2020. Contrary to these, occupancy levels have decreased since 2015, dropping 4.1%.

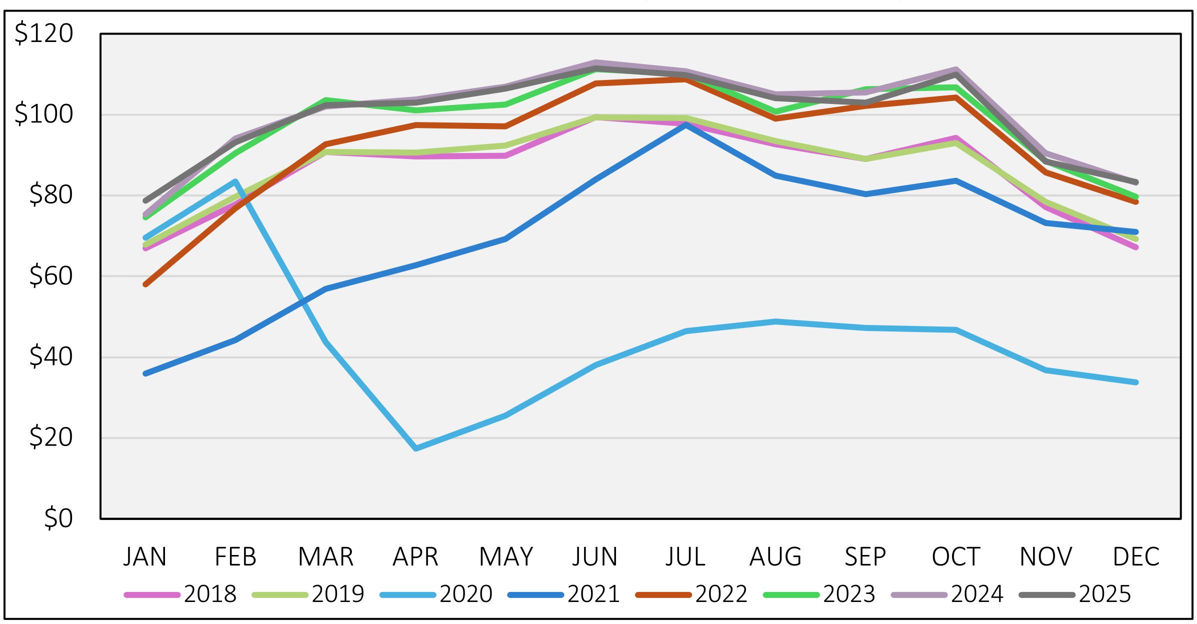
FIGURE 4.1: CUMULATIVE % GAINS FOR SEVERAL HOTEL METRICS – US (JAN 2015 TO JAN 2026)



SOURCE: CoStar, JOHNSON ECONOMICS

RevPAR has consistently increased following the pandemic. After taking a sizable hit throughout 2020 and early 2021, RevPAR started recovering quickly, surpassing pre-pandemic rates in March 2022 and sustaining that gap through December 2025. RevPAR rates from the second half of 2022 through 2025 have remained very similar, with summer rates for all at roughly $110.

FIGURE 4.2: MONTHLY REVPAR – US (JAN 2018 TO DEC 2025)

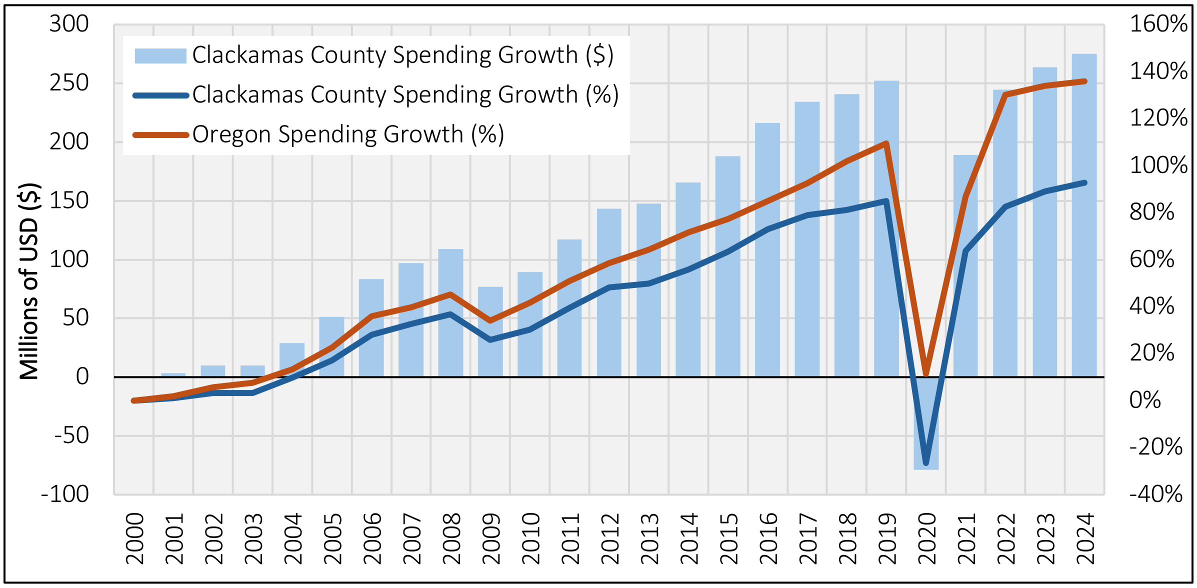


SOURCE: Statista, STR Global, JOHNSON ECONOMICS

Clackamas County Hotel and Travel Trends

The hotel business in Clackamas County has been growing consistently slower than state-wide trends over the last two decades-plus. Using 2000 as a normalization point, we can see that Oregon's travel spending has grown 135.8% through 2024. In that same time frame, spending on accommodations in Clackamas County has grown by nearly $275.1 million, or 92.7%.

FIGURE 4.3: CUMULATIVE SPENDING AND REVENUE GAINS - OREGON & CLACKAMAS COUNTY (2000 TO 2024)

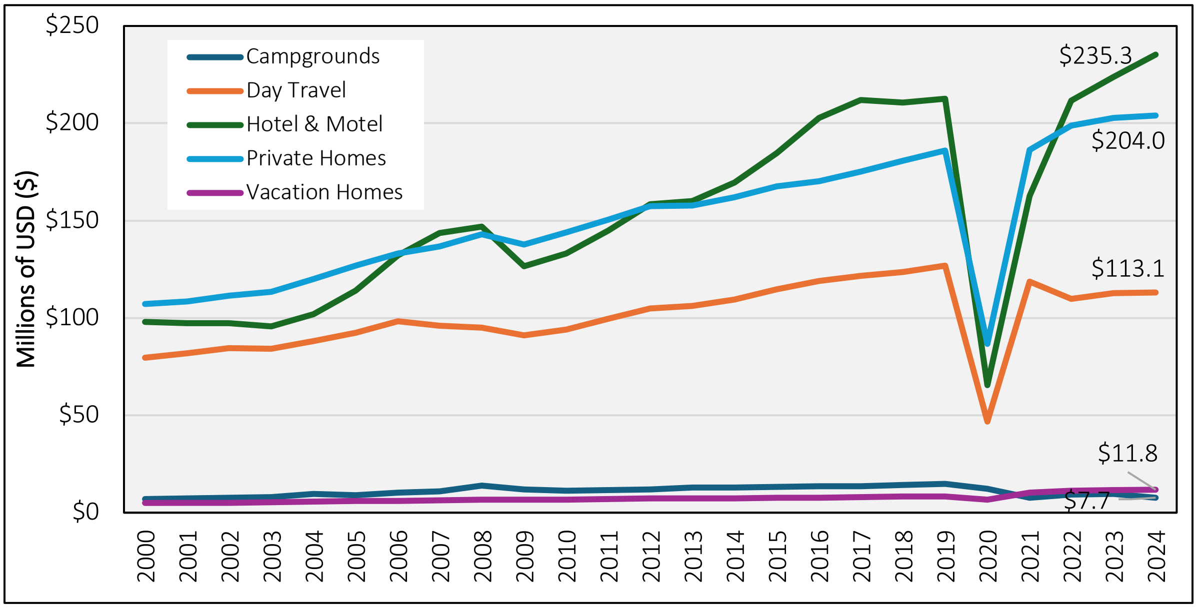


SOURCE: Travel Oregon, Dean Runyan Associates, JOHNSON ECONOMICS

People have a number of choices for accommodations when traveling to a destination. These range from hotels and motels to private residences, to even campgrounds. In 2000, visitors staying in private residences—that is, for example, people staying overnight at their family members' houses—spent the most money while on their visits to Clackamas County. These visitors were consistently the biggest spenders until 2006. Hotel visitors took over for a couple of years, but that industry was hit heavily during the downturn. People looked for cheaper accommodation and spending by those visiting private homes climbed again for a couple of years.

Hotels rebounded quickly, however, and reclaimed the local spending crown in 2012, and held the spot until the pandemic. In the pandemic recovery stage, hotel spending once again surpassed private homes and has since widened the gap. In 2024, visitors to Clackamas County staying in hotels spent a total of nearly $235.3 million in the County, roughly $31 million more than those staying in private homes. Day travel is still high, seeing $113.1 million in spending in 2024. Over the past two years, "hotels and motels" are the only accommodation class to see significant growth. This increase has seen a rise in employment in the accommodation and food service industries. The industries grew by over 2,500 people from 2014 to 2019, a gain of nearly 3.9% per year.

FIGURE 4.4: TOTAL VISITOR SPENDING BY ACCOMMODATION IN CLACKAMAS COUNTY (2000 TO 2024)



SOURCE: Dean Runyan and Associates, JOHNSON ECONOMICS

We take a look at spending trends in a few ways. We first look at total spending by visitors. This includes not only accommodation but also spending throughout the county in places such as restaurants and retail establishments. We then look at how spending by these subsets of visitors changed on an annual basis and then look at cumulative spending gains. We can see by this final metric that spending by people in hotels and motels is growing exponentially faster than spending by other visitors to the County.

Spending has seen relatively slow spending growth from travelers staying in campgrounds and vacation homes. This result is not surprising. As a group, campers take with them most of the supplies that they need to campsites directly. There is need for gas, food, and basic supplies should they run out, but little else. People in vacation homes use houses as a destination. The homes themselves are where they will hang out most often, not doing tourist activities, most of which they may have already seen. Following the pandemic, camping spending has not returned to pre-pandemic levels. This is largely due to forest fires in 2020 and 2024 closing campgrounds as opposed to economic issues.

Spending growth by those in the county for the day and those staying in private homes (e.g. visiting family), has been steady, growing by 3.4% annually from 2000 until 2019. Growth slowed following the pandemic, growing at an average annual rate of 1.2% from 2022 to 2024. Spending in the category has risen from just over $107 in 2000 to roughly $204 million in 2024.

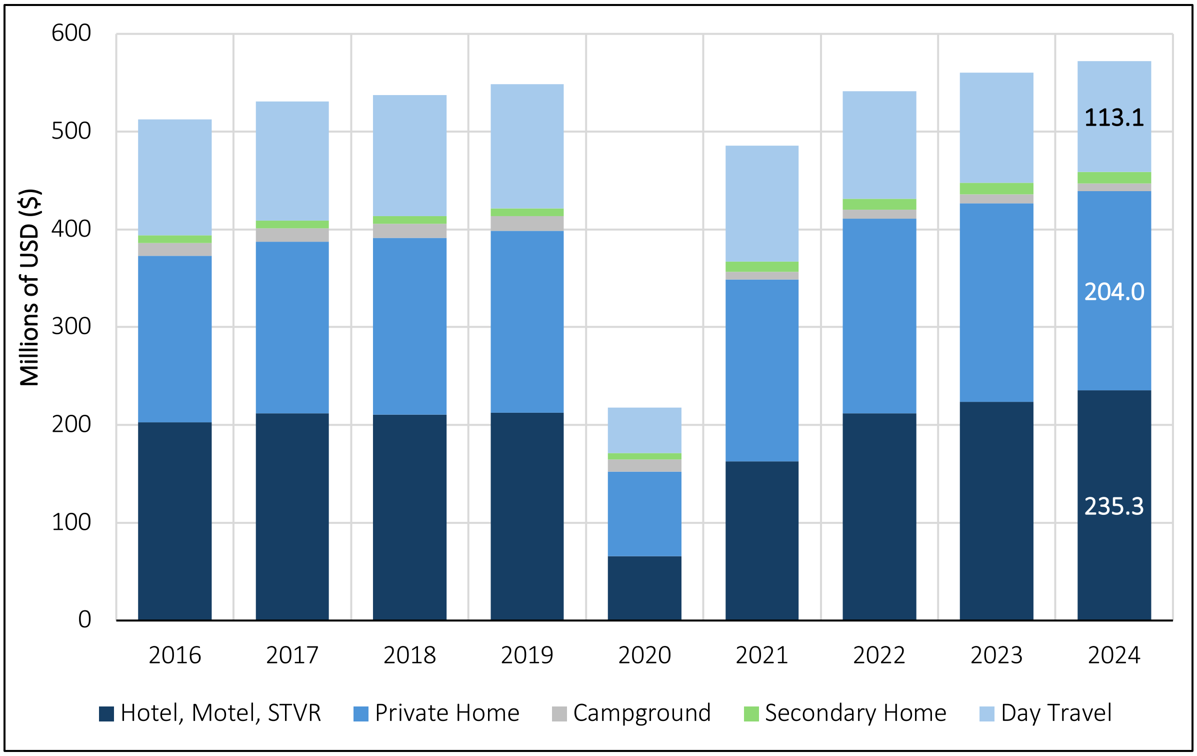
Spending by hotel visitors has risen at the fastest pace of any accommodation sector. This segment spent just under $98 million in 2000 and $235.8 million in 2024. This equates to a cumulative growth of over 140% over the 24-year period, meaning a robust annual growth of nearly 3.7%. Hotels were the hardest hit accommodation sector during the pandemic, seeing spending decrease by over 69%. However, the hotel sector has seen the most robust growth of any sector following the pandemic, seeing average annual growth of 5.4% from 2022 to 2024.

TABLE 4.5: ANNUAL SPENDING GROWTH BY CLACKAMAS VISITORS, BY ACCOMMODATION (2001 TO 2024)

Year	Campgrounds	Day Travel	Hotel & Motel	Private Homes	Vacation Homes
2001	2.9%	2.8%	-0.6%	1.1%	2.0%
2002	6.9%	3.3%	0.2%	2.8%	2.0%
2003	2.6%	-0.4%	-1.8%	1.8%	3.8%
2004	20.3%	4.6%	6.5%	5.9%	3.7%
2005	-5.3%	4.8%	11.9%	5.6%	5.4%
2006	13.3%	6.5%	16.0%	5.0%	3.4%
2007	7.8%	-2.3%	8.5%	2.6%	4.9%
2008	26.4%	-0.9%	2.5%	4.6%	4.7%
2009	-15.1%	-4.1%	-13.9%	-3.7%	-1.5%
2010	-3.4%	3.3%	5.1%	4.7%	3.0%
2011	2.6%	5.8%	8.9%	4.4%	4.4%
2012	2.6%	5.2%	9.3%	4.7%	2.8%
2013	6.7%	1.2%	1.1%	0.3%	1.4%
2014	0.8%	3.1%	5.9%	2.5%	1.4%
2015	2.3%	4.7%	8.8%	3.5%	1.3%
2016	2.3%	3.7%	9.8%	1.7%	0.0%
2017	0.7%	2.4%	4.6%	2.9%	3.9%
2018	4.4%	1.6%	-0.7%	3.2%	3.8%
2019	4.2%	2.7%	0.9%	2.8%	2.4%
2020	-16.9%	-63.1%	-69.2%	-53.4%	-20.2%
2021	-36.6%	153.6%	148.2%	115.0%	52.2%
2022	20.5%	-7.4%	30.3%	6.8%	9.8%
2023	3.2%	2.6%	5.6%	1.9%	3.6%
2024	-20.6%	0.3%	5.2%	0.6%	1.7%
2000-2019 Avg.	0.5%	1.9%	4.7%	3.4%	4.6%
2022-2024 Avg.	-9.5%	1.4%	5.4%	1.2%	2.6%
2000-2024 Avg.	0.4%	1.5%	3.7%	2.7%	3.6%

SOURCE: Dean Runyan and Associates, JOHNSON ECONOMICS

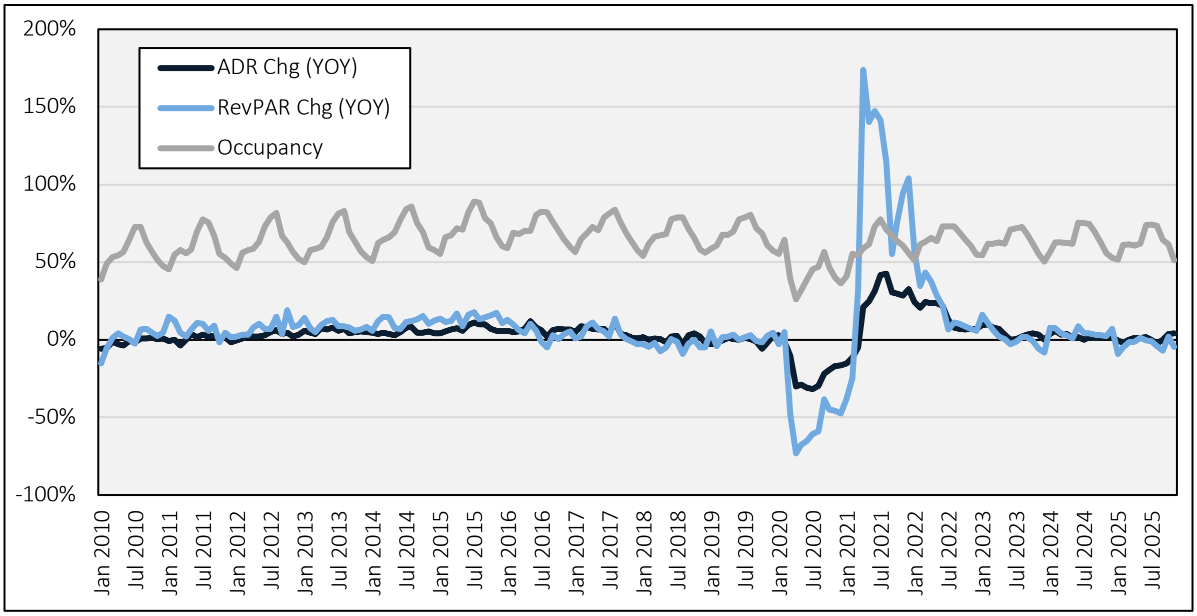
FIGURE 4.6: CUMULATIVE SPENDING BY VISITORS IN CLACKAMAS ACCOMMODATIONS (2016 TO 2024)



SOURCE: Dean Runyan and Associates, JOHNSON ECONOMICS

The following chart shows year-over-year growth in each of the three major hotel metrics for Clackamas: occupancy, average daily rate, and revenue per available room (RevPAR). Occupancy rates have tapered off from historic 2015 highs, but rooms have still seen over 74% occupancy in the area over the past two years. Following a 73.2% decrease in year-over-year RevPAR in April 2020, numbers bounced back quickly, seeing 173.8% in April 2021. ADR saw a similar change over the same period, but to a less extreme extent. In 2025, average daily rate saw very little change while RevPAR dipped into negative growth, with RevPAR seeing a 4.4% reduction from November 2024 to November 2025.

FIGURE 4.7: CLACKAMAS COUNTY OCCUPANCY, ADR AND REVPAR GROWTH



SOURCE: CoStar, JOHNSON ECONOMICS

Canby and Regional Hotel Pipeline

There are only four properties that are within the 22 to 24-minute driving distance used to determine the competitive area, with one additional potential project in Dundee located roughly 32 minutes away.

The closest potential project within the competitive area is located in Tualatin, 13.4 miles away and an approximately 20-minute drive according to Google Maps. The project is slated to be an upscale hotel property that is a new addition to the Ascend Collection hotel franchise. It is planned to have 65 rooms between two stories, with amenities such as a fitness center and restaurant. This project is currently only proposed, and the development is unlikely to be finished before 2032 according to Costar.

The second property is located next to Bridgeport Village, 14 miles away and an approximately 19-minute drive from Canby based on Google Maps. The project is planned to be a new TownePlace Suites by Marriott, a popular Upper Midscale hotel franchise. It is planned to have 92 rooms over four stories. This project is undergoing the final planning phase and is estimated to finish around 2029.

The proposed WoodSpring Suites Happy Valley is located in along 82nd in Portland, roughly 16.2 miles away and an approximately 24-minute drive from Canby based on Google Maps. The project is planned to be an economy-style hotel. It is planned to have 122 rooms over four stories. This project is undergoing the final planning stage and is estimated to finish around 2028.

The final property is the Lake Oswego North Anchor Hotel; an upper midscale independent hotel located near to the Lake View Village in Lake Oswego. It is 14 miles from Canby, roughly a 24-minute drive according to Google Maps. The Lake Oswego North Achor Hotel is set to have 86 rooms over four floors. The property is currently in the final planning phase and is set to be delivered in 2028.

These hotels can be potential competitors for hotels in Canby given the proximity. However, it is possible that the upscale hotels in the sample will cater more to people staying in their respective towns.

V. Competitive Market Analysis

Competitive Market Survey

Like any other business, hotels must compete for customers. Canby's isolation away from I-5 has both upsides and downsides in this regard. On the negative side, Canby is not located directly on the interstate. Hotels along interstates not only have clear visibility, but they offer easy respite for people traveling long distances up and down the West Coast, whether that is travelers or truckers. While Canby is only a 10 to 12-minute drive away from the interstate, that is more than enough to deter people who have been traveling for a long day. Looking at properties along I-5, guests have consistently rated "Location" as one of their top reasons for staying there. Proximity to the interstate allows for quick, easy access to many regional destinations. Not only that, but clusters of hotels off interstates often have access to other well-traveled establishments such as restaurants.

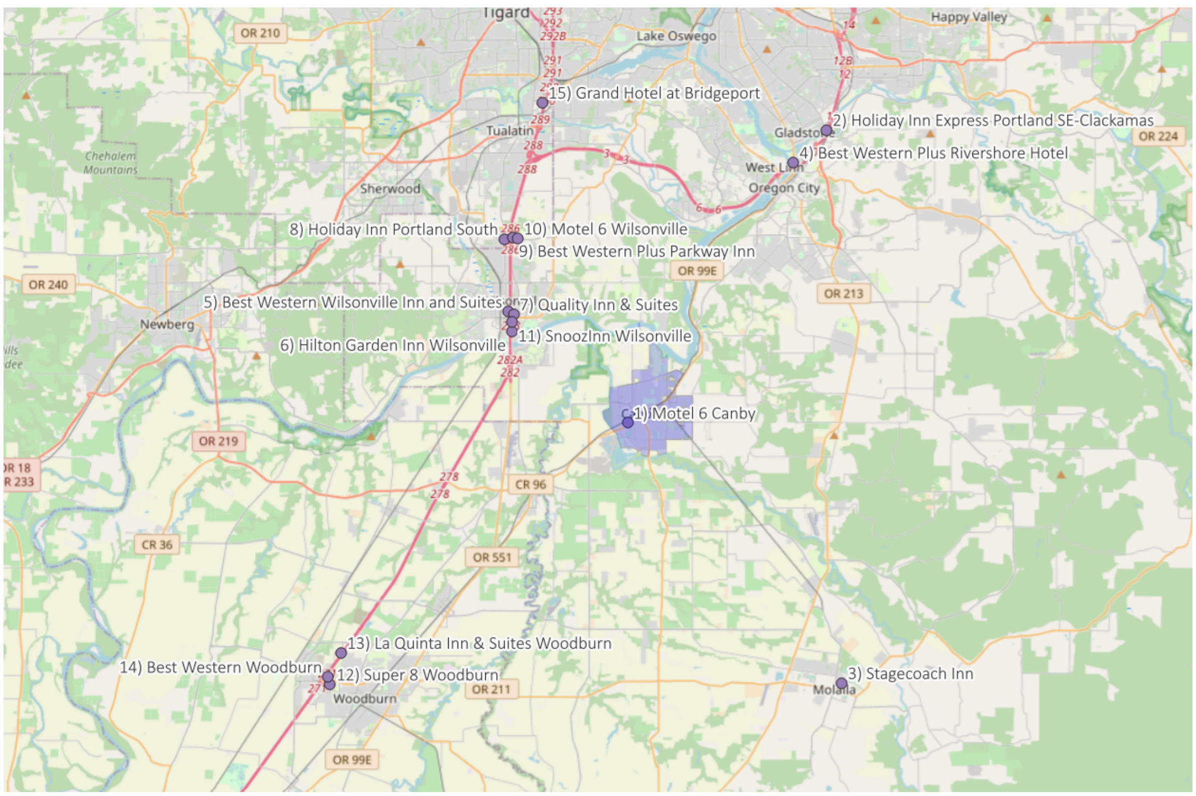
That said, this distance from the interstate would give a new Canby property a locational advantage over these other properties. Overnight visitors who need to be in Canby proper would be more inclined to choose a property as close to their destination as possible to avoid unnecessary travel time. Canby hosts thousands of visitors per year for corporate stayovers and all types of other events, largely centered around the Clackamas County Fairgrounds and Event Center. There is only one motel in town currently (Motel 6) and other limited accommodations in rooms from sites such as Airbnb. All other hotels are at least 15-20 minutes away in good traffic. The distance away from the interstate that makes Canby unattractive for drop-in visitors is, thus, a big plus for people looking to stay in town and a reason a new hotel could perform well.

FIGURE 5.2: COMPARABLE HOTEL PROPERTIES

MAP ID	Hotel Name	City	Class	Opening Year	Rooms	Rating (Hotels.com)	Rate (Aug. 2026)	Rate (Feb. 2026)	Minutes to	On I-5 of I-205?
1	Motel 6 Canby	Canby	Economy	1986	35	6.6	$ 120	$ 85	1	No
2	Holiday Inn Express Portland SE-Clackamas	Gladstone	Upper Midscale	1998	101	8.4	$ 209	$ 158	19	Yes
3	Stagecoach Inn	Molalla	Economy	1919	32	7.6	$ 75	$ 75	20	No
4	Best Western Plus Rivershore Hotel	Oregon City	Upper Midscale	1970	114	8.2	$ 205	$ 149	16	Yes
5	Best Western Wilsonville Inn and Suites	Wilsonville	Midscale	1998	56	8.0	$ 165	$ 107	14	Yes
6	Hilton Garden Inn Wilsonville	Wilsonville	Upscale	2020	118	9.0	$ 191	$ 121	15	Yes
7	Quality Inn & Suites	Wilsonville	Midscale	1992	64	6.4	$ 123	$ 100	14	Yes
8	Holiday Inn Portland South	Wilsonville	Upper Midscale	1978	169	8.0	$ 127	$ 116	15	Yes
9	Best Western Plus Parkway Inn	Wilsonville	Midscale	1985	78	8.4	$ 179	$ 129	15	Yes
10	Motel 6 Wilsonville	Wilsonville	Economy	1985	72	6.8	$ 80	$ 80	14	Yes
11	SnoozInn Wilsonville	Wilsonville	Economy	1967	58	6.8	$ 79	$ 64	14	Yes
12	Super 8 Woodburn	Woodburn	Economy	1997	81	7.0	$ 159	$ 97	20	Yes
13	La Quinta Inn & Suites Woodburn	Woodburn	Midscale	1986	60	7.4	$ 140	$ 96	21	Yes
14	Best Western Woodburn	Woodburn	Midscale	1995	80	8.0	$ 249	$ 138	20	Yes
15	Grand Hotel at Bridgeport	Tigard	Upper Midscale	2009	124	9.2	$ 214	$ 164	20	Yes

SOURCE: Google Maps, Hotels.com, CoStar, JOHNSON ECONOMICS

FIGURE 5.3: COMPARABLE HOTEL LOCATIONS



SOURCE: Google Maps, Hotels.com, JOHNSON ECONOMICS

The following three pages offer a slightly more in-depth look at the fifteen surveyed properties. In addition to some of the information included in the above table, we look at the types of amenities included at each of the properties, regional access, and discuss feedback given from customers for each of the properties, from cleanliness of rooms to quality of service.

FIGURE 5.4: COMPARABLE HOTELS

Motel 6 Canby
4636 SW First Ave, Canby, OR 97013

Map ID:	18
# of Rooms:	35
Year Built:	1986
Rating (Hotels.com):	6.6
Price - August 2026:	$120
Price - February 2026:	$85
Minutes to Downtown Canby:	3

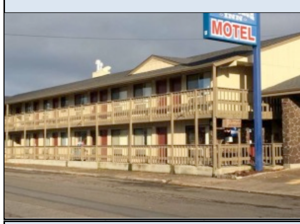
Notes:
Formerly known as the Canby Country Inn, the Motel 6 is the only hotel/motel in Canby proper. The 2-star property offers basic amenities and dated rooms, but does offer free breakfast and internet. There is little range in price between low and high seasons, based on our searches. We feel that this is due more to the quality of the establishment, rather than lack of demand.

Holiday Inn Express Portland SE-Clackamas
75 82nd Drive, Gladstone, OR 97027

Map ID:	14
# of Rooms:	101
Year Built:	1998
Rating (Hotels.com):	8.4
Price - August 2026:	$209
Price - February 2026:	$158
Minutes to Downtown Canby:	20

Notes:
For those that are willing to drive 20 minutes into Canby, the Holiday Inn Express along the Clackamas River offers some of the nicest accomodations in the area. Though right near I-205, the hotel's adjaceny to the river offers guests excellent views. Breakfast and internet are free in this property, and guests have access to a fitness center, pool, and 24-hour business center.

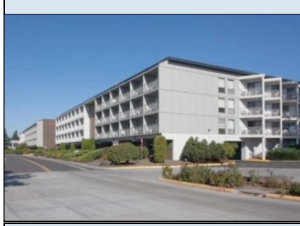
Stagecoach Inn
415 Grange Ave, Molalla, OR 97038



Map ID:	N/A
# of Rooms:	32
Year Built:	1919
Rating (Hotels.com):	7.6
Price - August 2026:	$75
Price - February 2026:	$75
Minutes to Downtown Canby:	23

Notes:
The Stagecoach Inn is Molalla's only motel accommodation, offering only 32 rooms. It offers dated rooms and basic amenities. That said, those staying there rave about the cleanliness and service, resulting in an overall rating of 8.0 at Hotels.com. Visitors also find great value for the price, which does not seem to fluctuate much throughout the year.

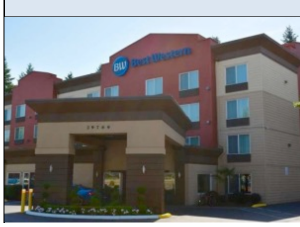
Best Western Plus Rivershore Hotel
1900 Clackamette Dr, Oregon City, OR 97045



Map ID:	1
# of Rooms:	114
Year Built:	1970
Rating (Hotels.com):	8.2
Price - August 2026:	$205
Price - February 2026:	$149
Minutes to Downtown Canby:	17

Notes:
While not the closest hotel in terms of drive-time, this hotels offers the most direct route into Canby via 99E. The hotel offers excellent regional access via this highway and I-205, and offers excellent views of the Willamette River. Guests have access to free internet, a fitness center and business center. Guests have great feedback about the food in the on-site restaurant.

Best Western Wilsonville Inn and Suites
29769 SW Boones Ferry Rd, Wilsonville, OR 97070



Map ID:	2
# of Rooms:	56
Year Built:	1998
Rating (Hotels.com):	8.0
Price - August 2026:	$165
Price - February 2026:	$107
Minutes to Downtown Canby:	14

Notes:
This hotel is one of more expensive hotels that people visiting Canby might consider visiting. Prices for the first weekend of August are over $150 per night for a standard queen room. At only 14 minutes to Downtown Canby, it is also the closest comparable hotel to the city. A selling point is its adjacency to I-5. Guests get free breakfast and WiFi, as well as fitness and business centers.

Hilton Garden Inn Wilsonville
30800 SW Parkway Ave, Wilsonville, OR 97070

Map ID:	22
# of Rooms:	118
Year Built:	2020
Rating (Hotels.com):	9.0
Price - August 2026:	$191
Price - February 2026:	$121
Minutes to Downtown Canby:	18

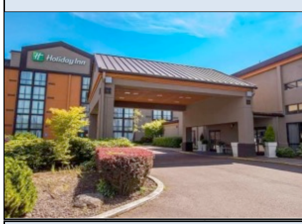
Notes:
Previously the Quality Inn Wilsonville, it has now become an upper-mid class hotel. The hotel is located a couple blocks away from Best Western, and commands a comparatively premium price. Guests here get access to a fitness center, business center, free internet, and an indoor pool. The hotel is located just a few blocks from parks along the Wilammette River.

Quality Inn & Suites
8855 SW Citizens Dr, Wilsonville, OR 97070

Map ID:	10
# of Rooms:	64
Year Built:	1992
Rating (Hotels.com):	6.4
Price - August 2026:	$123
Price - February 2026:	$100
Minutes to Downtown Canby:	17

Notes:
Formerly the Guesthouse Inn & Suites, the Quality Inn & Suites is a moderately priced hotel adjacent to I-5 in Wilsonville. Downtown Canby can be reached from the hotel in under 20 minutes, and visitors can expect to pay as little as $77 for a standard queen the first week of September. The hotel has free breakfast and internet, and offers guests use of a business center.

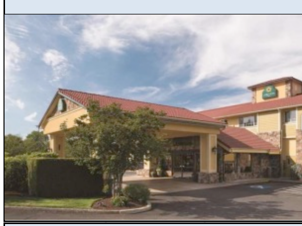
Holiday Inn Portland South
25425 SW 95th Ave, Wilsonville, OR 97070



Map ID:	15
# of Rooms:	169
Year Built:	1978
Rating (Hotels.com):	8.0
Price - August 2026:	$127
Price - February 2026:	$116
Minutes to Downtown Canby:	17

Notes:
This hotel is one of the few comparables to cost over $200 during high season. It is also one of the only 3-star properties in the area, and guests rate is highly for its fitness facility, food, and service. Guests can expect free internet during their stay, a business center, and use of a shuttle. Guests can drive to Canby in under 20 minutes, and its location on I-5 makes regional access ideal.

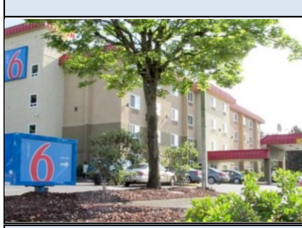
Best Western Plus Parkway Inn
8815 SW Sun Pl, Wilsonville, OR 97070



Map ID:	16
# of Rooms:	78
Year Built:	1985
Rating (Hotels.com):	8.4
Price - August 2026:	$179
Price - February 2026:	$129
Minutes to Downtown Canby:	18

Notes:
Previously The La Quinta Inn, the hotel offers large, comfortable rooms and excellent service, according to over 1,004 survey respondents on Hotels.com. Guests get free breakfast and internet, and they have access to a fitness center, pool, and business center. The location on I-5 is ideal for those travelling regionally or those simply staying the night after a long drive.

Motel 6 Wilsonville
25438 SW Parkway Ave, Wilsonville, OR 97070



Map ID:	21
# of Rooms:	72
Year Built:	1985
Rating (Hotels.com):	6.8
Price - August 2026:	$80
Price - February 2026:	$80
Minutes to Downtown Canby:	18

Notes:
While bigger than the Motel 6 in Canby, visitors to this accommodation are just as lukewarm when reviewing the property. Rooms are basic, but guests do have access to free internet during their stay. The building is not clean according to guests, but they do love the I-5 location.

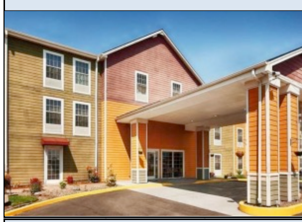
SnoozInn Wilsonville
30245 Parkway Ave, Wilsonville, OR 97070

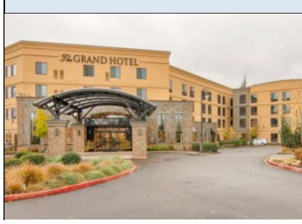
Map ID:	N/A
# of Rooms:	58
Year Built:	1967
Rating (Hotels.com):	6.8
Price - August 2026:	$79
Price - February 2026:	$64
Minutes to Downtown Canby:	17

Notes:
This property offers some of the most basic accommodations of any comparable property. It is, however, the cheapest of all of the properties and comes with free breakfast and internet, though connection issues were noted by guests. This property is suited to those that need a quick stayover, such as travelers and truckers along I-5.

Super 8 Woodburn 821 Evergreen Road, Woodburn, OR 97071			
	Map ID:	24	**Notes:** The Super 8 in Woodburn is the highest rated--and most expensive--motel in the comparable properties. It is ideally situated along I-5, offering excellent regional access south to Salem or north to Portland. Guests can expect free breakfast and internet, as well as excellent service, an indoor pool, a business center, and meeting space. Canby is just over 20 minutes from this property.
	# of Rooms:	81	
	Year Built:	1997	
	Rating (Hotels.com):	7.0	
	Price - August 2026:	$159	
	Price - February 2026:	$97	
	Minutes to Downtown Canby:	22	

La Quinta Inn & Suites Woodburn 120 Arney Rd NE, Woodburn, OR 97071			
	Map ID:	17	**Notes:** This hotel in Woodburn offers excellent regional access due to its proximity to I-5. Guests can reach Canby in just over 20 minutes with good traffic. Pricing at the hotel is similar to other Woodburn hotels, which range form $130-$150 during the first weekend of August. The hotel offers free internet and breakfast, as well as access to fitness and business centers.
	# of Rooms:	60	
	Year Built:	1986	
	Rating (Hotels.com):	7.4	
	Price - August 2026:	$140	
	Price - February 2026:	$96	
	Minutes to Downtown Canby:	24	

Best Western Woodburn 2887 Newberg Hwy, Woodburn, OR 97071			
	Map ID:	3	**Notes:** This Best Western in Woodburn offers excellent regional access, as with properties adjacent to I-5. Like most comparable properties, guests get free internet and breakfast. They also have access to fitness and business centers. Rooms are clean and spacious, and service is excellent according to over 300 reviews on Hotels.com. The property is just over 20 minutes from Canby.
	# of Rooms:	80	
	Year Built:	1995	
	Rating (Hotels.com):	8.0	
	Price - August 2026:	$249	
	Price - February 2026:	$138	
	Minutes to Downtown Canby:	21	

Grand Hotel at Bridgeport 7265 SW Hazelfern Rd, Tigard			
	Map ID:	N/A	**Notes:** The highest rated hotel in the comparables, this property was specifically included because it was mentioned as a hotel Canby businesses use for corporate stayovers. It offers upscale accomodations, and guests rave about the cleanliness, breakfast, and fast, free WiFi. There is a fitness center with pool and spa. Bridgeport Village is only 5-minute walk away.
	# of Rooms:	124	
	Year Built:	2009	
	Rating (Hotels.com):	9.2	
	Price - August 2026:	$214	
	Price - February 2026:	$164	
	Minutes to Downtown Canby:	20	

Summary of Comparable Properties

The following is a summary of our survey observations. Unless otherwise noted, totals and averages are based on all the 15 surveyed properties with data from CoStar. Of the 15 properties, five are Economy Class (e.g. Motel 6, Super 8), five are midscale class (e.g. La Quinta, Quality Inn), four are Upper Midscale Class (e.g. Hampton Inn, Holiday Inn Express), and one is Upscale Class.

Average Rates: The average room rate for the area ranges broadly depending on hotel class and proximity to major highways. On the low end, economy class lodging sees between $64 and $97 per night during the offseason, and $75 to $159 per night during the busiest months of summer. In the upper upscale properties in the area, we see prices range from $116 to $164 per night in the offseason to ranges of $127 to $214 per night during the high season. As a whole, the 15 properties in the competitive survey averaged a low of roughly $112 per room in February 2026 to a high of $154 in August the same year.

Occupancy rates at the comparable properties have recovered dramatically as well, from a low of 31.2% in April 2020 to 63.4% in April 2025, an increase of 32.2 percentage points. July 2022 saw the highest occupancy for the comparables post pandemic at 78.1%. Occupancy rates bounced back quite well immediately following the pandemic, partially due to a short-term reflection of pent-up demand and increased consumer spending following lockdowns. Following this, occupancy rates have dropped, with no year seeing a month with an occupancy rate of over 76% after 2022.

While occupancy rates in the past three years have been lower than pre-pandemic levels, RevPAR and ADR have been significantly higher. Much of this is likely due to inflationary pressure as opposed to increased pricing power. The following tables detail how rates have changed in each of these three metrics since 2018.

FIGURE 5.5: OCCUPANCY, ADR, REVPAR – COMPARABLE PROPERTIES (2018-2025)

Occupancy (%)													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVG.
2018	50.3%	59.6%	64.0%	69.6%	68.5%	79.1%	78.5%	80.7%	72.3%	64.8%	56.9%	54.0%	66.5%
2019	51.8%	56.8%	64.3%	68.8%	68.3%	77.4%	79.7%	79.9%	72.0%	66.1%	59.4%	54.0%	66.5%
2020	52.0%	59.2%	40.2%	31.2%	38.9%	44.1%	50.6%	51.9%	66.9%	51.2%	41.5%	42.2%	47.5%
2021	42.4%	62.3%	61.4%	64.6%	65.8%	76.7%	77.4%	73.2%	68.4%	63.0%	60.0%	54.4%	64.1%
2022	56.4%	64.5%	69.3%	71.1%	67.5%	77.5%	78.1%	76.0%	73.5%	67.2%	59.9%	56.6%	68.1%
2023	52.2%	59.9%	63.7%	61.4%	62.1%	72.9%	73.0%	73.4%	66.8%	61.3%	54.8%	48.8%	62.5%
2024	57.6%	61.6%	61.4%	63.8%	64.6%	74.9%	75.6%	75.9%	66.7%	62.9%	55.3%	47.9%	64.0%
2025	47.6%	55.2%	58.6%	63.4%	63.0%	72.0%	72.5%	75.5%	64.6%	62.7%	52.9%	50.2%	61.5%

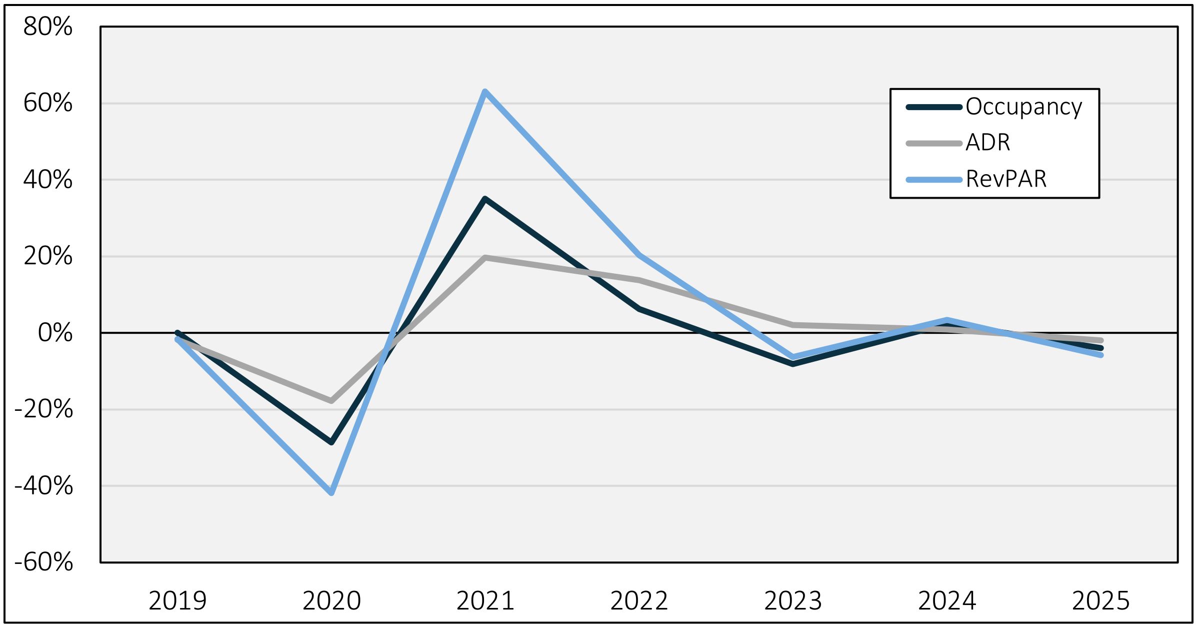
Average Daily Revenue ($)													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVG.
2018	$89.92	$93.00	$95.81	$99.60	$106.12	$121.73	$124.60	$123.14	$112.20	$104.28	$96.56	$88.35	$ 104.61
2019	$87.15	$91.15	$96.06	$100.64	$106.55	$120.04	$125.61	$120.60	$108.00	$97.63	$93.70	$86.52	$ 102.80
2020	$87.79	$90.39	$87.75	$77.44	$77.81	$84.57	$88.98	$88.19	$88.47	$83.63	$80.72	$78.37	$ 84.51
2021	$76.30	$83.82	$85.00	$90.12	$96.23	$109.68	$124.69	$125.21	$116.38	$107.23	$101.94	$96.95	$ 101.13
2022	$95.01	$97.31	$101.82	$109.17	$112.33	$132.98	$144.29	$134.92	$125.65	$114.12	$109.10	$104.14	$ 115.07
2023	$102.92	$105.26	$108.46	$114.17	$118.23	$134.30	$139.18	$133.53	$125.47	$115.66	$108.30	$103.36	$ 117.40
2024	$104.96	$109.61	$111.46	$113.62	$116.91	$136.25	$139.61	$138.56	$124.51	$118.06	$106.79	$100.27	$ 118.38
2025	$101.05	$103.93	$107.62	$111.81	$117.79	$135.85	$136.75	$133.60	$121.41	$114.67	$105.93	$101.14	$ 115.96

Revenue per Available Room ($)													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVG.
2018	$45.26	$55.43	$61.35	$69.31	$72.67	$96.33	$97.85	$99.43	$81.07	$67.53	$54.91	$47.69	$ 70.74
2019	$45.15	$51.79	$61.79	$69.24	$72.73	$92.97	$100.15	$96.32	$77.74	$64.56	$55.71	$46.75	$ 69.58
2020	$45.64	$53.47	$35.24	$24.18	$30.25	$37.30	$45.04	$45.74	$59.18	$42.79	$33.53	$33.09	$ 40.45
2021	$32.32	$52.22	$52.20	$58.26	$63.32	$84.07	$96.47	$91.61	$79.63	$67.61	$61.13	$52.73	$ 65.96
2022	$53.56	$62.73	$70.60	$77.66	$75.88	$103.01	$112.74	$102.49	$92.35	$76.65	$65.39	$58.94	$ 79.33
2023	$53.77	$63.07	$69.11	$70.11	$73.42	$97.84	$101.54	$97.96	$83.78	$70.92	$59.34	$50.44	$ 74.28
2024	$60.43	$67.51	$68.45	$72.48	$75.57	$102.09	$105.59	$105.15	$82.99	$74.26	$59.04	$48.08	$ 76.80
2025	$48.07	$57.39	$63.10	$70.90	$74.20	$97.88	$99.17	$100.90	$78.37	$71.91	$56.02	$50.75	$ 72.39

SOURCE: CoStar, JOHNSON ECONOMICS

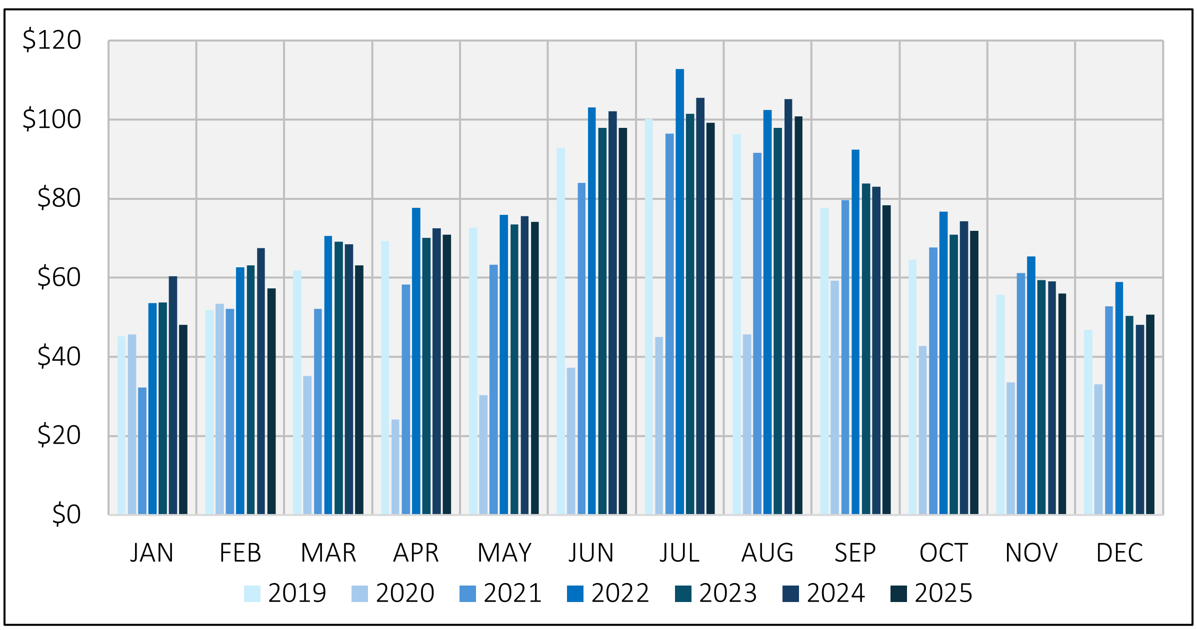
The following chart shows how the key metrics for the surveyed properties have changed since 2019, and the chart after that isolates RevPAR's growth by month and year.

FIGURE 5.6: OCCUPANCY, ADR, REVPAR – ANNUAL GROWTH (2019-2025)



SOURCE: CoStar, JOHNSON ECONOMICS

FIGURE 5.7: REVPAR BY MONTH (2019-2025)



SOURCE: STR Global, JOHNSON ECONOMICS

VI. Market Depth Analysis

JOHNSON ECONOMICS analyzed sources of demand for potential hotel development. Our demand assessment and forecast are based on a thorough investigation of local market conditions, surveys with members of the business community, and detailed event counts for the Clackamas County Fairgrounds and Event Center—by far the biggest tourism draw in Canby—all of which indicate demand for new hotel rooms in the area. Overall, growth in the leisure and hospitality market is expected to remain stable. Occupancy rates have stayed relatively stable following the pandemic recovery. While there has been some hotel development in other areas of the Portland Metro area, there has been none in or particularly near Canby. This means that hotel room supply will continue to be constrained, leading to upward pricing pressure.

Overnight Lodging Demand

As noted previously in this analysis, the primary drivers of overnight lodging demand are business travelers, meetings/group demand and tourism/leisure demand.

The availability of well-located and quality overnight lodging options, as well as meeting rooms, provides an important amenity for many local employers and is supportive of economic development efforts. This segment of the market would likely include a component of contracted rates by major employers, as well as a significant component of extended stay. The extended stay market is primarily business-related and includes corporate projects and large-scale construction projects. The business demand market is strongest Monday through Thursday nights and is not typically considered to be seasonal.

The meeting and group segment include seminars, conventions, trade association shows and other gatherings. The typical industry breakout includes corporate groups, associations and SMERFE (social, military, ethnic, religious, fraternal and educational) groups. Meeting and group demand also generates significant revenue from food and beverage. Business related activity tends to be more lucrative and mid-week, while the SMERFE groups are price sensitive and will meet on weekends and off seasons. This segment of the market is substantial but can be quite volatile. Appealing to this market typically requires a significant investment in meeting spaces, and/or proximity to a convention or conference center. The Clackamas County Fairgrounds and Event Center is in the process of building a 45,000 square foot multi-purpose building. The new state-of-the-art facility is designed to house events and serve as a valuable resource for emergencies. The building will feature a 38,000 square foot main hall, which will be divisible into three separate rooms. Construction is expected to be complete by late summer 2026.

Tourism/leisure demand provides an important component of support and is particularly important for weekends. This demand is typically associated with convenience to major travel corridors or attractors (such as the Clackamas County Fairgrounds and Event Center). Leisure demand is strongest on Friday and Saturday nights and all week during holiday periods and summer months, with is roughly the inverse of business-related demand. As a result, this demand segment stabilizes the overall occupancy and is often a critical component of a successful project. The tourism/leisure market is seen as somewhat riskier than the business market by the investment community, especially in a town like Canby with relatively fewer attractions than, say, a similarly sized town like Newberg that can rely on wine tourists. This market niche tends to be price sensitive and increasingly finds rooms using online booking services such as hotels.com.

The industry has seen new booking options associated with technology, such as Airbnb, which expands the supply of available lodging units. While these services can compete for portions of the tourism/leisure market, they are not typically well received or appropriate for business and group needs. While hotel operators have expressed displeasure with services such as Airbnb, data available to-date indicates that it does not compete with upscale options or for business travelers. Our survey of Airbnb properties in Canby resulted in just a handful of properties, many of which have shared bathroom facilities, not ideal for many travelers.

Demand in Canby

Hotel demand in Canby is driven largely by two factors. The first factor that drives demand in the area is events. The city is home to the Clackamas County Fairgrounds and Event Center, which hosts dozens of events and tens of thousands of people throughout the years. While there are many day visitors to some of these events, many—specifically exhibitors and others involved in the events need to have an option to stay the night/weekend.

In addition to this, a hotel in the city would be welcome for those in town for sports tournaments. Willamette Valley Country Club has the ability to host major golf tournaments but has not been able to do so because of a lack of local accommodation. A hotel would also offer the Canby police department an opportunity to host training events. In addition to these types of events, the city would also draw demand for a hotel via corporate stayovers. Canby has a thriving and growing business community. These businesses regularly need a place for out-of-town guests to stay. Though there is a motel in the city, surveys indicate that this type of accommodation is not up to business standards. Without a hotel in the city, these businesses are forced to have their guests stay as far away as the Grand in Bridgeport Village, more than 20 minutes away.

In a Canby tourism survey, thirteen businesses responded with their estimated number of hotel nights needed in a given month. These thirteen businesses responded that they needed a *minimum* of 97 rooms per month to meet demand for their overnight guests, and a maximum of 303 nights per month.

In addition to this number, however, is event business. Johnson Economics was provided with event data for the Clackamas County Fairgrounds and Event Center, sports tournaments, weddings and parties. Visitors to these events surpass 280,000 people. However, only a small portion of these people are likely to stay overnight in the city for these events. Local events such as the Canby Independence Day Celebration or the "Light Up the Night" are unlikely to have many overnight visitors. Weddings and sports events, however, certainly do, however, as do the largest events such as the Clackamas County Fair and Rodeo. We estimate that these events add an additional 10 to 20 rooms per night in the city.

There is likely additional demand on top of this. Friends and family often need places to stay whilst visiting. New events could pop up. The Willamette Valley Country Club, for instance, is interested in hosting golf tournaments, but they are unable to because of a lack of local accommodation. Such an event could be possible with a new hotel.

VII. Survey Results

The following survey was distributed to local industrial and tourism business owners in Canby. These survey questions are designed to assess local business owners' lodging preferences and gauge the frequency with which they would utilize a new hospitality facility. The survey was sent to 42 businesses and yielded 13 responses, a survey response of approximately 31%. A survey response rate of 10-30% is considered "good" for online surveys.

The respondent pool is heavily concentrated in the manufacturing and construction industries, making up 75% of all respondents. This question was the most skipped of all survey questions, indicating a lack of real statistical significance.

TABLE 7.1: INDUSTRIES OF RESPONDENTS

Q1 — What industry is your business primarily in?		
Industry	Responses	Percentage
Manufacturing / Construction	6	75.0%
Professional Services (e.g., consulting, legal)	0	0.0%
Retail / Hospitality	2	25.0%
Technology / Finance	0	0.0%
Healthcare / Education	0	0.0%
Total	8	100.0%

The highest portion of respondents have 11-50 employees, making up 46% of respondents. The second highest proportion having 51-200 employees, which makes up roughly 31% of respondents. Over 90% of respondents have more than 10 employees, indicating a higher likelihood of recurring need for lodging accommodation. The largest employers would likely account for a disproportionate share of lodging demand.

TABLE 7.2: NUMBER OF EMPLOYEES OF RESPONDENTS

Q2 — How many employees does your company have?		
Company Size (Employees)	Responses	Percentage
1–10	1	7.7%
11–50	6	46.2%
51–200	4	30.8%
201+	2	15.4%
Total	13	100.0%

Roughly 77% of respondents rated their satisfaction level of current lodging options at "very dissatisfied" or "dissatisfied." Only one respondent was satisfied or very satisfied with current lodging options. This near-unanimous response that current lodging options are not adequate is very notable and indicates a significant demand for higher-quality lodging.

TABLE 7.3: SATISFACTION OF LOCAL LODGING, SCALE OF 1-5

Q3 — How satisfied are you with the overall quality and availability of current local lodging options?			
Rating	Label	Responses	Percentage
1	Very Dissatisfied	5	38.5%
2	Dissatisfied	5	38.5%
3	Neutral	2	15.4%
4	Satisfied	0	0.0%
5	Very Satisfied	1	7.7%
Total		13	100.0%

"Cleanliness and hygiene" were listed as the most important factor when selecting local lodging, with roughly 85% of respondents rating it as "extremely important" with a weighted average of 4.77. The second most important factor was "amenities," including Wi-Fi, workspace, and parking. Somewhat surprisingly, "cost per night" was rated as the least important factor by respondents. This further indicates the demand for a higher-end hotel in Canby.

TABLE 7.4: IMPORTANCE OF LODGING FACTORS, SCALE OF 1-5

Q3 — How important are the following factors when selecting local lodging for business trips?			
Factor	Total Resp.	Wtd. Avg.	% Rating 5
Proximity to work sites/meeting venues	13	4.15	38.5%
Cost per night	13	3.54	15.4%
Cleanliness and hygiene	13	4.77	84.6%
Amenities (Wi-Fi, workspace, parking)	13	4.69	69.2%
Ease of booking process	13	4.46	53.9%

Half of respondents said there were significant gaps in current local lodging, compared with one third saying current lodging fully meets their business needs. This is in contrast with previous answers, implying that some of the desire for new lodging is not necessarily business related. Two respondents said that current local lodging meets most of their needs, but some issues do exist.

TABLE 7.5: SATISFACTION WITH CURRENT LODGING

Q5 — Does your current local lodging typically meet your business needs?		
Response	Responses	Percentage
Yes, fully	4	33.3%
Mostly, but with some issues	2	16.7%
No, significant gaps	6	50.0%
Total	12	100.0%

The gaps in local lodging options seen as unmet by the most respondents are modern amenities and newer properties. There were only 11 responses to this question, so over 90% of respondents identified a lack of modern amenities as a significant issue. Under 20% of respondents identified a lack of rooms as a problem, indicating the unmet needs reside mostly with quality as opposed to quantity.

TABLE 7.6: SATISFACTION WITH CURRENT LODGING

Q6 — If you perceive significant gaps in local lodging options, which of the following needs are unmet?		
Unmet Need	Responses	Percentage
Greater number of rooms	2	18.2%
Meeting rooms	3	27.3%
Newer property	9	81.8%
Property with modern amenities	10	90.9%
Total selections	24	—

Responses for acceptable price ranges for new lodgings were nearly unanimous, with roughly 92% of respondents saying between $100 and $200. The highest proportion of respondents answered that they would prefer between $100-$150 a night at 53.9%, while 38.5% of respondents replying with $150-$200 a night. Only one respondent answered with over $200 a night, while none answered under $100 a night. This is in-line with a modern upper-midscale hotel chain.

TABLE 7.7: NIGHTLY RATE FOR NEW LODGING

Q7 — What price range would you like to see in a new lodging property in the Canby area?		
Price Range	Responses	Percentage
Under $100/night	0	0.0%
$100–$150/night	7	53.9%
$150–$200/night	5	38.5%
Over $200/night	1	7.7%
No Preference/Don't Know	0	0.0%
Total	13	100.0%

Wi-Fi access and on-site parking ranked as the highest-priority amenities by a large margin, with Wi-Fi access seeing 92.3% ranking it as essential and on-site parking seeing 76.9% of respondents ranking it as essential. No other lodging amenity had a weighted average of over 4, with the third highest being a 24/7 front desk at 3.85. Kitchen facilities were ranked as least essential with a weighted average of 2.33.

TABLE 7.8: IMPORTANCE OF LODGING FEATURES, SCALE OF 1-5

Q8 — Please rate the following lodging characteristics, with a rating ranging from 1 (not important) to 5 (essential).			
Factor	Total Resp.	Wtd. Avg.	Rating 5
Wi-Fi access	13	4.92	92.3%
Full-service restaurant	13	3.15	0.0%
Bar	13	3.23	7.7%
Fitness facilities	13	3.46	23.1%
Pool	13	2.46	0.0%
Kitchen facilities	12	2.33	8.3%
National brand (Hilton, Marriott, etc.)	13	3.38	23.1%
24/7 Front Desk	13	3.85	30.8%
Pet friendly	13	2.62	7.7%
Meeting space	13	3.46	30.8%
Dedicated workspaces	13	3.23	23.1%
On-site parking	13	4.77	76.9%

Just under 70% of respondents said they were very likely to use new or expanded local lodging options if they properly addressed their needs, with an additional respondent, or roughly 8%, saying they were likely to use new local lodging options. Only one respondent said they were not likely to use new lodging options. Two respondents were neutral.

TABLE 7.9: LIKELIHOOD OF USING NEW OR EXPANDED LODGING OPTIONS

Q9 — How likely are you to use new/expanded local lodging options if they addressed your needs?			
Rating	Label	Responses	Percentage
1	Not Likely	1	7.69%
2	Somewhat unlikely	0	0.00%
3	Neutral	2	15.38%
4	Likely	1	7.69%
5	Very Likely	9	69.23%
Total		13	100.00%

The responses to annual number of room nights that would be generated by businesses were very widespread. Roughly 38% of respondents said their business would generate 50 room nights or more annually, with one respondent saying their business would generate 251-500 room nights. Based off these responses, the respondents' businesses currently generate 655-1,430 room nights annually. This shows there is a significant amount of demand that has potential to be captured by a well-positioned local hotel.

TABLE 7.10: NUMBER OF ROOM NIGHTS GENERATED BY BUSINESS

Q10 — How many room nights would you estimate your business generates in the region on an annual basis?		
Annual Room Nights	Responses	Percentage
0–10	3	23.1%
11–25	2	15.4%
26–50	3	23.1%
51–100	2	15.4%
101–250	2	15.4%
251–500	1	7.7%
501+	0	0.0%
Total	13	100.0%

The typical length of stay generated by respondents' business is short, with all answers being 1-3 nights. Roughly 77% of respondents said the typical length of stay was two to three nights, with the other three respondents saying only one night. These responses point to the need for a standard hotel with short-term style amenities as opposed to an extended-stay style hotel.

TABLE 7.11: NUMBER OF ROOM NIGHTS GENERATED BY BUSINESS

Q11 — What is the typical length of stay?		
Length of Stay	Responses	Percentage
1 night	3	23.1%
2–3 nights	10	76.9%
4–7 nights	0	0.0%
Extended stays	0	0.0%
Total	13	100.0%

Only one of the respondents said that their employees and visitors currently stay in Canby. The city capturing the largest share of the employees and visitors is Wilsonville at over 46%. Oregon City captures the second largest share at roughly 23%. This data shows that nearly all of the respondents' generated lodging demand flows out of the community. A new or renovated hotel in Canby would be very likely to capture a significant portion of this leaking demand.

TABLE 7.11: WHERE EMPLOYEES & VISITORS CURRENTLY STAY

Q12 — Where do employees and/or visitors to your business currently stay in the region?		
Location	Responses	Percentage
Canby	1	7.7%
Wilsonville	6	46.2%
Oregon City	3	23.1%
Portland suburbs	1	7.7%
Downtown Portland	2	15.4%
Woodburn/Salem	0	0.0%
Portland airport	0	0.0%
Total	13	100.0%

VIII. Recommendations

The City of Canby is well positioned to build a moderately sized hotel. Businesses and events support a significant number of room nights in the area. Given the additional leakage from the undersupplied market, we estimate that the base demand for a hotel in the city is 40 to 56 rooms per night. This does not consider people that may stay in the area due to family and friends or additional events that might be able to now take place, such as a golf tournament. Given these numbers, we feel confident that a 60 to 80-room hotel in the city would consistently see solid occupancy rates.

A new hotel in the city should aim to be an Upper Midscale hotel. Brands in this class include Hampton Inn, Holiday Inn Express, and Best Western Plus. Businesses in the area have made a point in surveys that economy hotels are not viable options for their needs. The business community is unlikely to prefer a Midscale class property either. This type of property, such as a La Quinta Inn & Suites or Quality Inn, would likely be acceptable for other types of guests in the region. However, given that business stayovers are one of the largest drivers of room nights in the city, we'd recommend focusing on luring an Upper Midscale property.

Given the lack of units in the area's pipeline, occupancy rates are likely to continue to be solid for the foreseeable future. Due to the lack of competition in the immediate area, a new hotel should enjoy significant built-in demand. Occupancy rates during the high seasons of June through August should range from 75% to 85%. In the offseason, we would expect occupancy rates to range from 45% to 60%.

Implications For Broader Development

While a hotel can provide a valuable amenity for businesses and residents of a jurisdiction, it is not typically viewed as a driver of economic development. The operation of such a facility can provide a substantial benefit to a local commercial district, as well as local businesses. Overnight stays in a hotel facility are typically linked with significant local expenditures, most often for food and entertainment. Offsite expenditures vary by type of traveler. The following is a summary of key amenities desired by different broad traveler types:

Business Travelers	Business travelers are a prized consumer group in the hotel industry because of their willingness (or, their company's willingness) to pay higher room prices. This group prizes fast Internet access, access to electronic devices like fax machines, printers and scanners and access to lounges. They also have a tendency to remain in their room most of the time, thus requiring hotels to provide attention to detail regarding quality of bedding, room service offerings and furnishing, such as desks with Internet access hookup.
Solo Travelers	Solo travelers typically desire to spend more time exploring the city than spending time at the hotel. As such, they prize low prices over amenities and services. The hotel industry accommodates this group of travelers by offering bare bones accommodations in exchange for per-night prices at a fraction of higher end hotels. Because this group often craves socializing with other travelers as part of the experience, hotels often create common lounges as part of the property.
Couples	Couples are another demographic of the hotel industry, who generally seek quiet premises, restaurants and high-quality bedding. Though couples may go offsite to enjoy surrounding attractions, a premium is placed on room

	interior and hotel conditions. Childless couples have more disposable income than families, thereby requesting luxury goods more frequently.
Families	Families require kid-friendly and inexpensive restaurants, on-site play areas, entertainment and ideally, discounts for additional rooms in which their kids can stay. Couples with babies require additional amenities, such as booster chairs, wide stroller-friendly paths and changing stations. Open air spaces are also desirable for parents with loud, raucous children.

Within the City of Canby, any of the new hotel types is expected to draw support at some level from all these traveler types. The most consistent travelers to the hotel would likely be business travelers, followed by visitors to events.

IX. Terms and Definitions

ADR (Average Daily Rate): Room revenue divided by rooms sold, displayed as the average rental rate for a single room.

Demand (Rooms Sold): The number of rooms sold (excludes complimentary rooms).

Occupancy: Rooms sold divided by rooms available. Occupancy is always displayed as a percentage of rooms occupied. For markets such as the Portland metropolitan area, projects are typically underwritten at an assumed stabilized rate of 65%.

Percent Change: Amount of growth, up, flat, or down from the same period last year (month, ytd, three months, and twelve months).

Revenue (Room Revenue): Total room revenue generated from the sale or rental of rooms.

RevPAR (Revenue per Available Room): Room revenue divided by rooms available

Supply (Rooms Available): The number of rooms times the number of days in the period.

Hotel Tiers

Full-service hotels often contain upscale full-service facilities with a large volume of full-service accommodation, on-site full-service restaurant(s), and a variety of on-site amenities such as swimming pools, a health club, children's activities, ballrooms, on-site conference facilities, and other amenities.

Boutique hotels are smaller independent non-branded hotels that often contain upscale facilities of varying size in unique or intimate settings with full-service accommodations.

Business service hotels are small to medium-sized hotel establishments that offer a limited number of on-site amenities that only cater and market to a specific demographic of travelers, such as the single business traveler. Many may still offer full-service accommodation but may lack leisure amenities such as an on-site restaurant or a swimming pool.

Economy and limited-service hotels are small to medium-sized hotel establishments that offer a very limited number of on-site amenities and often only offer basic accommodation with little to no services, these facilities normally only cater and market to a specific demographic of travelers, such as the budget-minded traveler seeking “no frills" accommodation. Limited-service hotels often lack an on-site restaurant but in return may offer limited complimentary food and beverage amenities such as on-site continental breakfast service.

Extended stay hotels are small to medium-sized hotels that offer longer-term full-service accommodation compared to a traditional hotel. Extended stay hotels may offer non-traditional pricing methods such as a weekly rate that caters towards travelers in need of short-term accommodation for an extended period of time. Similar to limited and select service hotels, on-site amenities are normally limited, and most extended stay hotels lack an on-site restaurant.

A *motel* is a small-sized low-rise lodging establishment similar to that of a limited-service hotel, but with direct access to individual rooms from the car park. Motels are often considered the "lowest classification" type of lodging accommodation and operate with minimal staffing levels.